



FORM 10-Q

BANK OF NEW YORK CO INC – bk

Filed: November 14, 2002 (period: September 30, 2002)

Quarterly report which provides a continuing view of a company's financial position

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THE BANK OF NEW YORK COMPANY, INC.
Quarterly Report on Form 10-Q
For the quarterly period ended September 30, 2002

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THE BANK OF NEW YORK COMPANY, INC.
FINANCIAL REVIEW
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Consolidated Financial Highlights
(Dollars in millions, except per share amounts)
(Unaudited)

	2002 ----	2001 ----	Change -----
For the Three Months Ended September 30:			

Net Income	\$ 79	\$ 243	(67.5)%
Per Common Share:			
Basic	\$ 0.11	\$ 0.33	(66.7)
Diluted	0.11	0.33	(66.7)
Cash Dividends Paid	0.19	0.18	5.6
Return on Average Common Shareholders' Equity	4.73%	15.11%	
Return on Average Assets	0.40	1.11	
For the Nine Months Ended September 30:			

Net Income	\$ 802	\$ 1,012	(20.7)%
Per Common Share:			
Basic	\$ 1.11	\$ 1.38	(19.6)
Diluted	1.10	1.36	(19.1)
Cash Dividends Paid	0.57	0.54	5.6
Return on Average Common Shareholders' Equity	16.74%	21.99%	
Return on Average Assets	1.35	1.69	
As of September 30:			

Assets	\$80,987	\$89,677	(9.7)%
Loans	34,242	45,536	(24.8)
Securities	18,023	13,370	34.8
Deposits - Domestic	32,964	28,398	16.1
- Foreign	24,005	31,863	(24.7)
Long-Term Debt	5,528	4,627	19.5
Common Shareholders' Equity	6,633	6,466	2.6
Common Shareholders' Equity Per Share	9.15	8.78	4.2
Market Value Per Share of Common Stock	28.74	35.00	(17.9)
Allowance for Credit Losses as a Percent of Loans	1.99%	1.35%	
Tier 1 Capital Ratio	7.69	7.51	
Total Capital Ratio	11.72	11.02	
Leverage Ratio	6.77	6.78	
Tangible Common Equity Ratio	5.38	4.94	

Management's Discussion and Analysis of Financial Condition and

Results of Operations

OVERVIEW

The Bank of New York Company, Inc., is a financial holding company and together with its consolidated subsidiaries (the "Company") (NYSE: BK), has total assets of over \$80 billion as of September 30, 2002. The Company provides a complete range of banking and other financial services to corporations and individuals worldwide through its basic businesses, namely, Securities Servicing, Global Payment Services and BNY Asset Management and Private Client Services, Retail Banking, Corporate Banking, and Global Market Services.

The Company has maintained a consistent strategy of focusing on high-growth, fee-based businesses that has transformed the Company from a traditional commercial bank into one of the world's premier financial asset servicers. Today, the Company is a market-leader in many businesses that focus on servicing securities issuers and all forms of investors and intermediaries. The Company's well-diversified franchise has become an integral part of the infrastructure of the global capital markets. The Company's breadth of products and services allows it to build client relationships through many different avenues in major markets and regions throughout the world.

SUMMARY OF RESULTS

The Company's actual results of future operations may differ from those set forth in certain forward looking statements contained herein. Refer to further discussion under the heading "Forward Looking Statements".

The Company reported third quarter net income of \$79 million or 11 cents per fully diluted share compared with \$243 million or 33 cents per fully diluted share in the third quarter of 2001. Third quarter 2002 results include a \$225 million pre-tax credit loss provision of which \$185 million related primarily to deterioration in the telecommunications segment of the Company's loan portfolio. Five credits in this portfolio were charged-off by \$120 million and moved to an accelerated disposition portfolio. The third quarter 2002 also included a \$210 million valuation adjustment charge against its equity investment portfolios, primarily in its bank stock portfolio. The combined charges of \$395 million pre-tax, or \$260 million after tax, reduced fully diluted earnings by 36 cents. Third quarter 2001 results include the 19 cents per share impact of the World Trade Center disaster ("WTC disaster"). Net income for the first nine months was \$802 million or \$1.10 per fully diluted share compared with \$1,012 million or \$1.36 per fully diluted share in 2001. Excluding these charges, the Company earned 47 cents per fully diluted share for the third quarter of 2002 and \$1.46 in the year-to-date period.

The Company's securities servicing businesses were up slightly in a difficult global capital markets environment. Third quarter securities servicing fee revenues were \$480 million compared with \$478 million last quarter. Private client services and asset management fees were \$85 million, compared with \$88 million in the second quarter. Revenues from foreign exchange and other trading activities were \$49 million in the third quarter of 2002 compared with \$72 million in the second quarter of 2002, reflecting low levels of client activity in both foreign exchange and interest rate management products.

The market environment in the third quarter was particularly challenging. The charges in the quarter were a reflection of this difficult market; however, they relate to two areas that the Company previously announced were being downsized.

Importantly, the Company's diversified core businesses continue to exhibit resiliency and to generate significant cash flow, ensuring the

maintenance of strong capital ratios, and providing sufficient capital to continue to execute its business strategy. The Company is continuing to reinvest in its core businesses, positioning itself to maximize its capabilities across all products and markets, enhancing its leverage to an improved capital markets environment.

Fees from the Company's securities servicing businesses increased to \$480 million for the third quarter from \$478 million in the second quarter. Excluding the benefit of a small acquisition, revenues were essentially flat. This is reflective of the strength of the Company's diversified securities servicing business model, which served to offset the impact of very weak global equity markets.

Private client services and asset management fees were \$85 million for the third quarter of 2002 compared with \$88 million in the second quarter. The negative impact of significant equity market price declines was partially offset by continued strong flows into alternative investment funds offered by the Company's Ivy Asset Management subsidiary and demand for the Company's retail investment products.

Foreign exchange and other trading revenues were \$49 million in the third quarter of 2002, down significantly from \$72 million in the second quarter. Third quarter foreign exchange activity was negatively impacted by a sharp decline in currency volatility, decreased client flows from equity fund managers and narrower spreads. Other trading revenues decreased as a result of less client-related interest rate hedging and smaller positioning given the volatile interest rate markets.

Net interest income on a taxable equivalent basis for the third quarter was \$429 million, compared with \$436 million in the second quarter, reflecting declining revenue from its corporate loan portfolio, partially offset by growth in the Company's portfolio of highly-rated fixed income investment securities.

Return on average common equity for the third quarter of 2002 was 4.73% compared with 22.59% in the second quarter of 2002 and 15.11% in the third quarter of 2001. Return on average assets for the third quarter of 2002 was 0.40% compared with 1.82% in the second quarter of 2002 and 1.11% in the third quarter of 2001. For the first nine months of 2002, return on average common equity was 16.74% compared with 21.99% in 2001. Return on average assets was 1.35% for the first nine months of 2002 compared with 1.69% in 2001.

Excluding the \$395 million of charges in the third quarter of 2002 and the \$242 million WTC disaster impact in the third quarter of 2001, return on average common equity in the third quarter and year-to-date 2002 would have been 20.31% and 22.17% compared with 23.83% and 25.03% in 2001. On the same basis, return on average assets for the third quarter and year-to-date 2002 would have been 1.71% and 1.79% compared with 1.96% and 2.00% in 2001.

Business Segments Review

The Company has four main business segments: Servicing and Fiduciary Businesses, Corporate Banking, Retail Banking, and Financial Markets.

The Servicing and Fiduciary Businesses segment provides a broad array of fee-based services. This segment includes the Company's securities servicing, global payment services, and private client services and asset management businesses. Securities servicing includes global custody, securities clearance, mutual funds, unit investment trust, securities lending, depository receipts, corporate trust, stock transfer and associated execution services. Global payment services products primarily relate to funds transfer, cash management and trade finance. Private client services and asset management provide traditional banking and trust services to affluent clients and asset management to institutional and private clients.

The Corporate Banking segment focuses on providing lending services, such as term loans, lines of credit, asset based financings, and commercial mortgages, to the large public and private corporations nationwide, as well as public and private mid-size businesses in the New York metropolitan area. Special industry groups focus on financial institutions, securities, insurance, media and telecommunications, energy, real estate, retailing, automotive, and government banking institutions. Through BNY Capital Markets, the Company provides syndicated loans, bond underwriting, private placements of corporate debt and equity securities, and merger, acquisition, and advisory services.

The Retail Banking segment includes consumer lending, residential mortgage lending, and retail deposit services. The Company operates 342 branches in 22 counties in three states.

The Financial Markets segment includes trading of foreign exchange and interest rate products, investing and leasing activities, and treasury services to other segments. This segment offers a comprehensive array of multi-currency hedging and yield enhancement strategies.

Business Review

Servicing and Fiduciary Businesses

In the third quarter of 2002, noninterest income was \$685 million compared with \$645 million in 2001.

Fees from the Company's securities servicing businesses increased to \$480 million for the third quarter from \$478 million last quarter and \$422 million in the third quarter of 2001. For the first nine months of 2002, fees from these businesses totaled \$1,411 million, a 6% increase compared with \$1,328 million in 2001. On a sequential quarter basis, excluding the benefit of a small acquisition, revenues were essentially flat. This is reflective of the strength of the Company's diversified securities servicing business model, which served to offset the impact of very weak global equity markets. The increase in fees from the third quarter of 2001 reflects acquisitions partially offset by weakness in the global capital markets.

Corporate trust, broker-dealer services and execution services performed well in the quarter. Corporate trust benefited from strong fixed-income issuance in the structured and municipal markets. Broker-dealer services were positively impacted by new business wins, active fixed income markets and the continued expansion of the Company's global collateral management system. Execution services benefited from strong client activity early in the quarter. Areas where results were not as strong include international custody and mutual funds due to soft overseas equity markets, as well as securities lending, reflecting lower spreads.

As of September 30, 2002, the Company had assets under custody of \$6.6 trillion, including \$1.8 trillion of cross-border custody assets. Despite the decline in equity asset price levels during the quarter, assets under custody were unchanged from June 30, 2002, again reflective of the diversity of clients and assets serviced.

Global payment services fees increased to \$73 million from \$71 million in the second quarter but were down from \$75 million in the third quarter of 2001. The sequential quarter increase in global payment services fees reflects higher funds transfer and cash management fees. The decline in global payment services fees from the third quarter of 2001 reflects lower fees from trade-related services.

Private client services and asset management fees were \$85 million compared with \$88 million in the prior quarter and \$75 million in the third quarter of 2001. The negative impact of significant equity market price declines was partially offset by strong flows into alternative investment funds offered by the Company's Ivy Asset Management subsidiary and demand for the Company's retail investment products.

Assets under management ("AUM") were \$71 billion at September 30, 2002 compared with \$61 billion at September 30, 2001, while assets under administration were \$27 billion compared with \$31 billion at September 30, 2001. The increase in assets under management reflects acquisitions and growth in the Company's alternative investments business partially offset by decline in asset values. Institutional clients represent 61% of AUM while individual clients equal 39%. AUM at September 30, 2002, are 29% invested in equities, 26% in fixed income, 9% in alternative investments and the remaining in liquid assets.

The decrease in noninterest income also reflects lower foreign exchange revenue during the quarter. Third quarter foreign exchange activity was negatively impacted by a sharp decline in currency volatility, decreased client flows from equity fund managers and narrower spreads.

Net interest income in the Servicing and Fiduciary businesses segment was \$115 million for the third quarter of 2002 compared with \$140 million in 2001. The decrease in net interest income is primarily due to the decline in

interest rates. Average assets for the quarter ended September 30, 2002 were \$8.1 billion compared with \$8.8 billion last year. The third quarter of 2002 average deposits were \$32.0 billion compared with \$32.9 billion in 2001.

Net charge-offs in the Servicing and Fiduciary Businesses segment were zero in the third quarters of 2002 and 2001. Nonperforming assets were \$15 million in 2002 compared with zero in 2001.

Noninterest expense for the third quarter of 2002 was \$488 million compared with \$486 million in the second quarter of 2002 and \$440 million in 2001. The rise in noninterest expense from 2001 was primarily due to acquisitions as well as the Company's continued investment in technology.

Corporate Banking

The Corporate Banking segment's net interest income was \$97 million in the third quarter of 2002, down from last year's \$122 million. The decrease reflects the continued reduction of average loans outstanding as well as a decline in the value of low cost short-term deposits given the lower interest rate environment. Average assets for the quarter were \$22.3 billion compared with \$26.7 billion last year. Average deposits in the corporate bank were \$6.8 billion versus \$6.8 billion in 2001.

The third quarter 2002 provision for credit losses was \$29 million compared with \$34 million last year. Net charge-offs in the Corporate Banking segment were \$155 million and \$36 million in the third quarters of 2002 and 2001. The increase in charge-offs primarily reflects deterioration in the Company's portfolio of telecom credits. Nonperforming assets were \$527 million at September 30, 2002, up from \$270 million in 2001. The increase in nonperforming assets primarily reflects higher levels of nonperforming cable and telecom credits.

Noninterest income was \$74 million in the current quarter compared with \$71 million in the third quarter a year ago reflecting improved pricing of standby letters of credit. Noninterest expense in the third quarter increased to \$52 million from \$50 million a year ago reflecting higher compensation expense.

Retail Banking

Net interest income in the third quarter of 2002 was \$122 million compared with \$123 million in 2001. Noninterest income was \$30 million for the quarter compared with \$32 million last year. The decrease reflects lower account maintenance fees. Noninterest expense in the third quarter of 2002 was \$79 million compared with \$78 million in the previous year's period.

Net charge-offs were \$5 million in the third quarter of 2002 and \$4 million in the third quarter of 2001 reflecting deterioration in consumer loan portfolio. Nonperforming assets were \$9 million in the third quarter of 2002 compared with \$7 million last year.

Average deposits generated by the Retail Banking segment were \$13.2 billion in the third quarter of 2002 compared with \$12.6 billion in the third quarter of 2001. Noninterest bearing deposits were \$4.1 billion this quarter compared with \$3.9 billion in the third quarter of 2001. Average assets in the retail banking sector were \$5.2 billion compared with \$4.4 billion in the third quarter of 2001.

Financial Markets

Net interest income for the third quarter was \$92 million compared with 2001's \$65 million reflecting lower funding costs and an increase in assets, primarily highly-rated mortgage-backed securities. Average third quarter 2002 assets in the Financial Markets segment were \$40.9 billion, up from \$35.4 billion last year.

Noninterest income was \$37 million in the third quarter of 2002 compared with \$74 million in the third quarter of 2001. Trading related revenues declined as a result of less client-related interest rate hedging and smaller

positioning given the volatile interest rate markets. Securities gains also declined compared with last year's third quarter. Net charge-offs were zero in the third quarters of 2002 and 2001. Noninterest expense increased to \$20 million from \$15 million in last year's third quarter primarily due to higher compensation expense.

The segments contributed to the Company's profitability as follows:

In Millions

For the Quarter Ended September 30, 2002	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items	Consolidated Total
Net Interest Income	\$ 115	\$ 97	\$ 122	\$ 92	\$ (8)	\$ 418
Provision for Credit Losses	-	29	2	-	194	225
Noninterest Income	685	74	30	37	(190)	636
Noninterest Expense	488	52	79	20	67	706
Income Before Taxes	\$ 312	\$ 90	\$ 71	\$109	\$(459)	\$ 123
Average Assets	\$8,086	\$22,250	\$5,245	\$40,850	\$ 2,379	\$78,810

In Millions

For the Quarter Ended September 30, 2001	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items*	Consolidated Total
Net Interest Income	\$ 140	\$ 122	\$ 123	\$ 65	\$ (63)	\$ 387
Provision for Credit Losses	-	34	2	-	4	40
Noninterest Income	645	71	32	74	8	830
Noninterest Expense	440	50	78	15	238	821
Income Before Taxes	\$ 345	\$ 109	\$ 75	\$124	\$(297)	\$ 356
Average Assets	\$8,794	\$26,673	\$4,448	\$35,401	\$11,724	\$87,040

In Millions

For the Nine Months Ended September 30, 2002	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items	Consolidated Total
Net Interest Income	\$ 356	\$ 304	\$ 357	\$ 268	\$ (32)	\$1,253
Provision for Credit Losses	-	82	8	-	205	295
Noninterest Income	2,035	216	88	154	(184)	2,309
Noninterest Expense	1,434	148	238	63	168	2,051
Income Before Taxes	\$ 957	\$ 290	\$ 199	\$ 359	\$(589)	\$1,216
Average Assets	\$8,507	\$23,029	\$5,056	\$40,481	\$2,293	\$79,366

In Millions						
For the Nine Months Ended September 30, 2001	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items*	Consolidated Total
-----	-----	-----	-----	-----	-----	-----
Net Interest Income	\$ 443	\$ 377	\$ 375	\$ 153	\$(105)	\$1,243
Provision for Credit Losses	-	95	5	-	-	100
Noninterest Income	1,999	226	87	218	29	2,559
Noninterest Expense	1,313	165	229	50	387	2,144
	-----	-----	-----	-----	-----	-----
Income Before Taxes	\$1,129	\$ 343	\$ 228	\$ 321	\$(463)	\$1,558
	=====	=====	=====	=====	=====	=====
Average Assets	\$8,822	\$27,124	\$4,446	\$34,620	\$5,170	\$80,182
	=====	=====	=====	=====	=====	=====

* Includes the impact of WTC disaster.

Business Segments Accounting Principles

The Company's business segment data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles used for consolidated financial reporting. These measurement principles are designed so that reported results of the segments will track their economic performance. Segment results are subject to restatement whenever improvements are made in the measurement principles or organizational changes are made. In the first quarter of 2002, the Company changed certain assumptions related to the duration of segment assets and liabilities and the related interest rates. As a result, segment results for 2001 were restated.

The measure of revenues and profit or loss by operating segment has been adjusted to present segment data on a taxable equivalent basis. The provision for credit losses allocated to each reportable segment is based on management's judgment as to average credit losses that will be incurred in the operations of the segment over a credit cycle of a period of years. Management's judgment includes the following factors among others: historical charge-off experience and the volume, composition and growth of the loan portfolio. This method is different from that required under generally accepted accounting principles as it anticipates future losses which are not yet probable and therefore not recognizable under generally accepted accounting principles. Assets and liabilities are match funded. Support and other indirect expenses are allocated to business segments based on general internal guidelines.

Reconciling Items

Description - Reconciling items for net interest income primarily relate to the recording of interest income on a taxable equivalent basis, reallocation of capital and the funding of goodwill and intangibles. Reconciling items for noninterest income primarily relate to the sale of certain securities and certain other gains. Reconciling items for noninterest expense include amortization of goodwill and intangibles, severance, and corporate overhead. The adjustment to the provision for credit losses reflects the difference between the aggregate of the credit provision over a credit cycle for the reportable segments and the Company's recorded provision. The WTC disaster is a reconciling item for 2001. The reconciling items for average assets consist of goodwill and other intangible assets.

(In millions)	Third Quarter 2002	Third Quarter 2001	Year-to-Date September 30, 2002 2001	
	-----	-----	-----	-----
Segment's revenue	\$1,252	\$1,272	\$3,778	\$3,878
Adjustments:				
Earnings associated with assignment of capital	(21)	(31)	(74)	(99)
Securities gains/losses	(215)	(19)	(214)	(7)
Other Gains	25	54	29	64
WTC disaster	-	(73)	-	(73)
Taxable equivalent basis and other tax-related items	14	12	41	39
Other	(1)	2	2	-
	-----	-----	-----	-----
Subtotal-revenue adjustments	(198)	(55)	(216)	(76)
	-----	-----	-----	-----
Consolidated revenue	\$1,054	\$1,217	\$3,562	\$3,802
	=====	=====	=====	=====
Segment's income before tax	\$ 582	\$ 653	\$1,805	\$2,021
Adjustments:				
Revenue adjustments (above)	(198)	(55)	(216)	(76)
Provision for credit losses different than GAAP	(194)	(4)	(205)	-
Severance costs	(1)	-	(15)	-
Goodwill and intangible amortization	(1)	(27)	(5)	(77)
WTC disaster	-	(168)	-	(168)
Loss on sublease	(22)	-	(22)	-
Corporate overhead	(43)	(43)	(126)	(142)
	-----	-----	-----	-----
Consolidated income before tax	\$ 123	\$ 356	\$1,216	\$1,558
	=====	=====	=====	=====
Segments' total average assets	\$76,431	\$75,316	\$77,073	\$75,012
Adjustments:				
Goodwill and Intangibles	2,379	2,226	2,293	1,969
WTC disaster	-	9,498	-	3,201
	-----	-----	-----	-----
Consolidated average assets	\$78,810	\$87,040	\$79,366	\$80,182
	=====	=====	=====	=====

Allocation to Segments - Earnings associated with the assignment of capital relate to preferred trust securities which are assigned as capital to segments. Since the Company considers these issues to be capital, it does not allocate the interest expense associated with these securities to individual segments. If this interest expense were allocated to segment it could be assigned based on segment capital, assets, risks, or some other basis.

The reconciling item for securities gains relates to the Financial Markets business. Other gains in 2002 include a \$32 million Empire State Development Corporation ("ESDC") grant and in 2001 a \$43 million gain on the sale of the Company's interest in the New York Cash Exchange. The taxable equivalent adjustment is not allocated to segments because all segments contribute to the Company's taxable income and the Company believes it is arbitrary to assign the tax savings to any particular segment. Most of the assets that are attributable to the tax equivalent adjustment are recorded in the Financial Markets segment.

The reconciling item for the provision for loan losses primarily relates to Corporate Banking. Severance costs primarily relate to the Securities Servicing and Fiduciary segment, the Corporate Banking segment, and to staff areas that cut across all business lines. Goodwill and intangible amortization primarily relates to the Securities Servicing and Fiduciary segment. Corporate overhead is difficult to specifically identify with any particular segment. Approaches to allocating corporate overhead to segments could be based on revenues, expenses, number of employees, or a variety of other measures. The WTC disaster in 2001 affected all sectors. The Company does not believe it is meaningful to allocate the disaster impact due to the wide scope of the disaster, the interrelationships of the various effects, and its unprecedented nature.

CONSOLIDATED INCOME STATEMENT REVIEW

NONINTEREST INCOME

	3rd Quarter	2nd Quarter	3rd Quarter	Year-to-date	
(In millions)	2002	2002	2001	2002	2001
Servicing Fees					
Securities	\$480	\$478	\$422	\$1,411	\$1,328
Global Payment Services	73	71	75	217	216
	553	549	497	1,628	1,544
Private Client Services and Asset Management Fees	85	88	75	256	235
Service Charges and Fees	91	93	81	267	267
Foreign Exchange and Other Trading Activities	49	72	79	183	260
Securities (Losses) Gains	(188)	25	22	(131)	113
Other	46	28	76	106	140
Total Noninterest Income*	\$636	\$855	\$830	\$2,309	\$2,559

<FN>

* See Accounting Changes and New Accounting Pronouncements in the Notes to Consolidated Financial Statements.

</FN>

Total noninterest income for the third quarter of 2002 was \$636 million compared with \$855 million in the second quarter of 2002 and \$830 million in the third quarter of 2001. Excluding the \$210 million securities valuation adjustment, noninterest income would have been \$846 million in the third quarter of 2002. Noninterest income in 2001 was adversely impacted by the WTC disaster.

Securities servicing fees were up slightly to \$480 million compared with \$478 million in the prior quarter and \$422 million one year ago. The increase in securities servicing fees compared to 2001 is primarily related to acquisitions. Global payment services fees increased to \$73 million from \$71 million last quarter but were down from \$75 million in the third quarter of 2001. The sequential quarter increase in global payment services fees reflects higher funds transfer and cash management fees. The decline in global payment services from the third quarter of 2001 reflects lower fees from trade-related services. Private client services and asset management fees were \$85 million compared with \$88 million in the prior quarter and \$75 million in the third quarter of 2001. The increase in 2002 from 2001 reflects acquisitions as well as the impact of the WTC disaster on 2001. Service charges and fees were down 2% from the prior quarter and up 12% from one year ago. The sequential quarter decrease reflects a decline in loan syndication and capital markets fees from the second quarter. Foreign exchange and other trading revenues were \$49 million compared with \$72 million in the prior quarter and \$79 million one year ago.

Securities losses were \$188 million in the third quarter compared with a \$25 million gain in the prior quarter and a \$22 million gain one year ago. The third quarter of 2002 included a \$210 million equity writedown as well as \$22 million of gains on fixed income investments.

The increase in other income to \$46 million from \$28 million reflects a \$32 million ESDC grant, partially offset by a \$10 million charge for a decrease in value of the available-for-sale loan portfolio. The ESDC grant covers relocation and other costs associated with the Company's previously announced decision to return to downtown Manhattan and to move 1,500 employees to a new facility in Brooklyn. As part of the move, the Company recorded \$22 million in occupancy expenses this quarter to reflect the estimated loss on a sublease of a rented facility in Manhattan.

Other income of \$76 million in the third quarter of 2001 includes a \$43 million gain related to the sale of the Company's interest in the New York Cash Exchange.

NET INTEREST INCOME

	3rd Quarter -----	2nd Quarter -----	3rd Quarter -----	Year-to-date -----	
(Dollars in millions on a tax equivalent basis)	2002 ----	2002 ----	2001 ----	2002 ----	2001 ----
Net Interest Income*	\$429	\$436	\$402	\$1,290	\$1,287
Net Interest Rate Spread*	2.32%	2.31%	1.53%	2.31%	1.77%
Net Yield on Interest Earning Assets*	2.66	2.65	2.24	2.65	2.58

<FN>

* See Accounting Changes and New Accounting Pronouncements in the Notes to Consolidated Financial Statements.

</FN>

Net interest income on a taxable equivalent basis was \$429 million in the third quarter of 2002 compared with \$436 million in the second quarter of 2002 and \$402 million in the third quarter of 2001. The net interest rate spread was 2.32% in the third quarter of 2002, compared with 2.31% in the second quarter of 2002 and 1.53% one year ago. The net yield on interest earning assets was 2.66% compared with 2.65% in the second quarter of 2002 and 2.24% in last year's third quarter.

The decrease in net interest income from the second quarter is primarily due to a decline in average corporate loans and a rise in nonperforming loans, partially offset by growth in the Company's portfolio of highly-rated fixed-income investment securities. The increase from the third quarter a year ago reflects the adverse impact last year of the WTC disaster.

For the first nine months of 2002, net interest income on a taxable equivalent basis amounted to \$1,290 million compared with \$1,287 million in the first nine months of 2001. The year-to-date net interest rate spread was 2.31% in 2002 compared with 1.77% in 2001, while the net yield on interest earning assets was 2.65% in 2002 and 2.58% in 2001.

Interest income would have been increased by \$8 million and \$1 million for the third quarters of 2002 and 2001 and \$15 million and \$6 million for the first nine months of 2002 and 2001 if loans on nonaccrual status at September 30, 2002 and 2001 had been performing for the entire period.

NONINTEREST EXPENSE AND INCOME TAXES

Noninterest expense for the third quarter of 2002 was \$706 million compared with \$696 million in the second quarter of 2002 and \$821 million in the third quarter of 2001. Excluding \$22 million of lease termination costs in the third quarter of 2002 and \$16 million of severance costs in the second quarter of 2002, sequential quarter expense growth was \$4 million, or less than 1%, reflecting acquisitions, lower incentive compensation, and tight expense control.

As a result of new accounting standards related to goodwill and intangibles, effective January 1, 2002, amortization in the third quarter and the first nine months of 2002 declined to \$0.4 million and \$5 million compared with \$29 million and \$83 million in 2001.

Excluding the impact of the ESDC grant and the associated sublease expense, the efficiency ratios for the quarter and year-to-date 2002 periods were 56.1% and 54.8%. The efficiency ratio for the second quarter of 2002 was 55.0%.

The effective tax rates for the third quarter and the first nine months of 2002 were 35.9% and 34.0% compared with 31.7% in the third quarter and 35.1% in the first nine months of 2001. The effective tax rate for the second quarter of 2002 was 34.0%. The increase in the sequential quarter tax rate reflects the charges taken in the third quarter. The tax rate in 2001 was impacted by the WTC disaster.

CREDIT LOSS PROVISION AND NET CHARGE-OFFS

	3rd Quarter	2nd Quarter	3rd Quarter	Year-to-date	
(In millions)	2002	2002	2001	2002	2001
Provision	\$225	\$ 35	\$ 40	\$295	\$100
Net Charge-offs:					
Commercial	\$(150)	\$(17)	\$(35)	\$(197)	\$(89)
Foreign	(5)	-	-	(5)	-
Other	-	(14)	(1)	(14)	(2)
Consumer	(5)	(4)	(4)	(14)	(9)
Total	\$(160)	\$(35)	\$(40)	\$(230)	\$(100)
Other Real Estate Expenses	\$ -	\$ -	\$ -	\$ -	\$ 2

The provision for credit losses was \$225 million in the third quarter of 2002 compared with \$35 million in the second quarter of 2002 and \$40 million in the third quarter of 2001. The increases reflect deterioration in the loan portfolio particularly in a limited number of borrowers in the telecommunications portfolio.

CONSOLIDATED BALANCE SHEET REVIEW

INVESTMENT SECURITIES

Total securities were \$18.0 billion at September 30, 2002, compared with \$16.4 billion at June 30, 2002, and \$13.4 billion last year. The increases were primarily due to growth in the Company's portfolio of highly rated mortgage-backed securities. Since December 31, 2001, the Company has added approximately \$6.8 billion of mortgage-backed securities to its investment portfolio. Average investment securities were \$16.8 billion in the third quarter of 2002, compared with \$14.6 billion in the second quarter of 2002 and \$11.8 billion last year. For the first nine months of 2002, average investment securities were \$14.7 billion compared with \$9.2 billion last year.

During the third quarter of 2002, there was a sharp decline in equity market values. As a result, the Company recorded a \$210 million valuation adjustment against its equity investment portfolio, largely reflecting what is deemed to be other-than-temporary impairment of several holdings, principally in its bank stock portfolio.

Investment Portfolio

(dollars in millions)	Number of Holdings	Period		Valuation Adjustments	Unrealized Gain/(Loss)	
		6/30/02 Fair Value	9/30/02 Fair Value		6/30/02	9/30/02
Equity Investments(1)						
Bank equity portfolio Sponsor and direct equity portfolio(2)	11	\$ 824	\$ 668	\$ 172	\$(3)	\$ 18
	394	356	333	38	-	-
Total equities	405	\$1,180	\$1,001	\$ 210	\$(3)	\$ 18
	===	=====	=====	=====	=====	=====
Fixed income investments						
Available-for-sale		\$14,240	\$16,123	\$ -	\$204	\$290
Held-to-maturity		1,198	1,137	-	(3)	(4)
Total fixed income Investments		\$15,438	\$17,260	\$ -	\$201	\$286
		=====	=====	=====	=====	=====
		6/30/02	9/30/02	Percent Change		
S&P 500 Index		989.82	815.28	(18)%		
BKX Bank Index		829.62	697.09	(16)%		

<FN>

(1) Excludes investments in money market mutual funds.

(2) Included in other assets.

</FN>

As of November 8, 2002, the Company had disposed of approximately 41% of its bank equity portfolio. The remaining book value of bank equities was \$382 million with a fair value of \$399 million. Excluding the Company's \$204 million investment in Wing Hang Bank Limited, a Hong Kong based bank, which is classified in other assets given that it represents a 25% ownership interest, the remaining book value of bank equities was \$178 million. On this basis, the Company disposed of approximately 60% of its bank equity portfolio through November 8, 2002.

LOANS

Total loans were \$34.2 billion at September 30, 2002, compared with \$36.0 billion at June 30, 2002, and \$45.5 billion last year. Average loans were \$33.7 billion in the third quarter of 2002, compared with \$34.6 billion in the second quarter of 2002 and \$39.5 billion last year. For the first nine months of 2002, average loans were \$34.6 billion compared with \$38.3 billion last year. The decrease on a sequential quarter basis reflects the Company's continued reduction of corporate loan exposures, as it reallocates capital towards its fee-based businesses. Credit exposures to non-financial companies have been reduced by \$5.5 billion through the third quarter, in line with the Company's plan to reduce these exposures by \$7 billion in 2002. The decrease from 2001 also reflects that the 2001 loan balance had increased due to the WTC disaster.

The Company has made steady progress in reducing its exposure to higher risk credits and will continue its intensive efforts to do so in the telecom segment as well as throughout the loan portfolio. The following tables provide additional details on the Company's loan exposures and outstandings at September 30, 2002 in comparison to December 31, 2001.

Overall Loan Portfolio

(dollars in billions)	Unfunded Commitments(1)(2)			Loans Outstanding(1)(3)		
	12/31/01	9/30/02	Change	12/31/01	9/30/02	Change
Retail/Private Banking	\$ 1.4	\$ 1.4	\$ 0.0	\$ 5.3	\$ 5.2	\$(0.1)
Large-ticket Leasing	0.1	0.1	0.0	5.0	5.3	0.3
Commercial Real Estate	1.2	0.8	(0.4)	2.4	2.5	0.1
Financial Services Companies	21.9	22.2	0.3	9.6	9.6	-
Media & Telecommunications	5.5	4.2	(1.3)	4.1	3.7	(0.4)
Other Non-Financial Companies	25.2	22.8	(2.4)	9.3	7.9	(1.4)
Total	\$55.3	\$51.5	\$(3.8)	\$35.7	\$34.2	\$(1.5)

<FN>

(1) Includes assets held for sale.

(2) Unfunded commitments include letters of credit.

(3) Excludes acceptances due from customers.

</FN>

Media and Telecommunications Portfolio

Media and telecommunication has been a significant industry specialization of the Company historically. The telecommunications segment has deteriorated in 2001 and 2002 and the Company has been actively reducing the size of its exposures in this area. Details of the portfolio are shown below:

(dollars in millions)	Broadcasting & Publishing	Entertainment & Programming	Cable TV	All Other	Total Media	Telecom	Total
Unfunded Commitments(1)(2)							
12/31/01	\$1,342	\$1,491	\$895	\$304	\$4,032	\$1,354	\$ 5,386
9/30/02	1,148	1,074	899	227	3,348	843	4,191
Change	\$ (194)	\$ (417)	\$ 4	\$ (77)	\$ (684)	\$ (511)	\$ (1,195)
Loans Outstanding(1)							
12/31/01	\$1,027	\$ 909	\$851	\$213	\$3,000	\$ 793	\$3,793
9/30/02	1,027	788	875	231	2,921	733	3,654
Change	\$ -	\$ (121)	\$ 24	\$ 18	\$ (79)	\$ (60)	\$ (139)
Total Exposure(1)(2)							
12/31/01	\$2,369	\$2,400	\$1,746	\$517	\$7,032	\$2,147	\$ 9,179
9/30/02	2,175	1,862	1,774	458	6,269	1,576	7,845
Change	\$ (194)	\$ (538)	\$ 28	\$ (59)	\$ (763)	\$ (571)	\$ (1,334)
# of Borrowers	73	33	24	25	155	29	184
% Investment Grade(3)	64%	67%	43%	28%	56%	53%	57%
% Secured(4)	40%	24%	57%	68%	42%	47%	43%

<FN>

(1) Excludes assets held for sale.

(2) Unfunded commitments include letters of credit.

(3) Investment grade commitments are those where the borrower has a Moody's long-term rating of Baa3 or better and/or a Standard & Poor's long-term rating of BBB- or better, or if unrated, has been assigned an equivalent rating using the Company's internal risk rating.

(4) Secured is defined as those credit facilities secured by the borrower's assets and/or stock of its subsidiaries. 87% of the total media and telecom non-investment grade exposures are secured.

</FN>

Further Detail on Telecommunications Portfolio

(dollars in millions)	Wireline	Long Distance	Towers	Wireless	Total
Unfunded Commitments(1)(2)					
12/31/01	\$ 577	\$ 119	\$108	\$ 550	\$1,354
9/30/02	430	9	84	320	843
Change	\$(147)	\$(110)	\$(24)	\$(230)	\$(511)
Loans Outstanding(1)					
12/31/01	\$ 297	\$ 127	\$115	\$ 254	\$ 793
9/30/02	396	27	133	178	734
Change	\$ 99	\$(100)	\$ 18	\$(76)	\$(59)
Total Exposure(1)(2)					
12/31/01	\$ 874	\$ 246	\$223	\$ 804	\$2,147
9/30/02	826	36	217	498	1,577
Change	\$(48)	\$(210)	\$(6)	\$(306)	\$(570)
# of Borrowers	11	3	5	10	29
% Investment Grade(3)	63%	0%	0%	64%	53%
% Secured(4)	37%	100%	100%	36%	47%

<FN>

(1) Excludes assets held for sale.

(2) Unfunded commitments include letters of credit.

(3) Investment grade commitments are those where the borrower has a Moody's long-term rating of Baa3 or better and/or a Standard & Poor's long-term rating of BBB- or better, or if unrated, has been assigned an equivalent rating using the Company's internal risk rating.

(4) Secured is defined as those credit facilities secured by the borrower's assets and/or stock of its subsidiaries. 100% of the telecom non-investment grade exposures are secured.

</FN>

Accelerated Loan Disposition Program

The table below shows the status of the Company's fourth quarter 2001 and third quarter 2002 accelerated loan disposition programs which are part of the Company's risk reduction strategy.

(dollars in millions)	Number of Credits	Total Exposure	Total Outstanding	Exposure/ Borrower	Outstanding/ Borrower
Fourth Quarter 2001 Accelerated Loan Disposition Program:					
Original - Prior to Charge-Off	25	\$758	\$488	\$30	\$19
Subsequent to Charge-Off		523	253	21	10
Remaining at 6/30/02	10	63	53	6	5
Third Quarter 2002 Additions to Program:					
Prior to Charge-Off	5	160	158	32	32
Subsequent to Charge-Off		40	38	8	8

Other Third Quarter Activity:

Source: BANK OF NEW YORK CO , 10-Q, November 14, 2002

Net Reductions	4	(18)	(18)	-	-
Remaining at 9/30/02	11	85	73	8	7

NONPERFORMING ASSETS

(Dollars in millions)	9/30/02 -----	6/30/02 -----	Change 9/30/02 vs. 6/30/02 -----
Category of Loans:			
Commercial	\$427	\$184	\$243
Foreign	89	97	(8)
Other	34	34	-
	----	----	----
Total Nonperforming Loans	550	315	235
Other Real Estate	1	1	-
	----	----	----
Total Nonperforming Assets	\$551	\$316	\$235
	====	====	====
Nonperforming Assets Ratio	1.6%	0.9%	
Allowance/Nonperforming Loans	123.7	195.7	
Allowance/Nonperforming Assets	123.5	194.9	

Nonperforming assets totaled \$551 million at September 30, 2002, compared with \$316 million at June 30, 2002, and \$278 million at September 30, 2001. The increase in commercial nonperforming loans primarily reflects the addition of a large aggregate exposure to a cable operator. This exposure, representing credit facilities to six different, but affiliated borrowing groups, is secured and the Company believes that prospects for repayment continue to be strong. Other increases in commercial nonperforming loans primarily reflect telecommunications credits. Included in nonperforming loans at September 30, 2002 were \$54 million of loans available-for-sale. The Company expects a loan to a borrower in the insurance industry to become nonperforming in the fourth quarter. As a result, the Company expects nonperforming loans to modestly increase in the fourth quarter of 2002.

IMPAIRED LOANS

The table below sets forth information about the Company's impaired loans. The Company uses the discounted cash flow method as its primary method for valuing its impaired loans:

(Dollars in millions)	9/30/02 -----	6/30/02 -----
Impaired Loans with an Allowance	\$451	\$246
Impaired Loans without an Allowance(1)	28	23
	----	----
Total Impaired Loans	\$479	\$269
	====	====
Allowance for Impaired Loans(2)	\$138	\$110
Average Balance of Impaired Loans during the Quarter	323	245
Interest Income Recognized on Impaired Loans during the Quarter	0.1	0.6

- (1) When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under the accounting standard related to impaired loans.
- (2) The allowance for impaired loans is included in the Company's allowance for credit losses.

ALLOWANCE

The allowance for credit losses was \$681 million, or 1.99% of loans at September 30, 2002, compared with \$616 million, or 1.71% of loans at June 30, 2002, and \$616 million, or 1.35% of loans at September 30, 2001. The increase in the allowance reflects deterioration in the credit quality of the loan portfolio particularly in telecom related credits. The ratio of the allowance to nonperforming assets was 123.5% at September 30, 2002, compared with 194.9% at June 30, 2002, and 222.0% at September 30, 2001. Included in the Company's allowance for credit losses at September 30, 2002 is an allocated transfer risk reserve related to Argentina of \$31 million.

The allowance for credit losses consists of four elements: (1) an allowance for impaired credits (nonaccrual commercial credits over \$1 million), (2) an allowance for higher risk rated credits, (3) an allowance for pass rated credits, and (4) an unallocated allowance based on general economic conditions and risk factors in the Company's individual markets.

The first element - impaired credits - is based on individual analysis of all nonperforming commercial credits over \$1 million. The allowance is measured by the difference between the recorded value of impaired loans and their fair value. Fair value is the present value of the expected future cash flows from borrowers, the market value of the loan, or the fair value of the collateral.

The second element - higher risk rated credits - is based on the assignment of loss factors for each specific risk category of higher risk credits. The Company rates each credit in its portfolio that exceeds \$1 million and assigns the credits to specific risk pools. A potential loss factor is assigned to each pool and an amount is included in the allowance equal to the product of the amount of the loan in the pool and the risk factor. Reviews of higher risk rated loans are conducted quarterly and the loan's rating is updated as necessary. The Company prepares a loss migration analysis and compares its actual loss experience to the loss factors on an annual basis to attempt to ensure the accuracy of the loss factors assigned to each pool. Pools of past due consumer loans are included in specific risk categories based on their length of time past due.

The third element - pass rated credits - is based on the assignment of loss factors to the remaining pools of credit exposure. The loss factors are based on the expected average credit losses. Loss factors are periodically compared to rating agency and other default data bases to determine their validity. Commercial loans over \$1 million are individually analyzed before being assigned to a risk pool. All current consumer loans are included in the pass rated consumer pools.

The fourth element - an unallocated allowance - is based on management's judgment regarding the following factors:

- Economic conditions including duration of the current cycle
- Past experience including recent loss experience
- Credit quality trends
- Collateral values
- Volume, composition, and growth of the loan portfolio
- Specific credits and industry conditions
- Results of bank regulatory and internal credit exams
- Actions by the Federal Reserve Board
- Delay in receipt of information to evaluate loans or confirm existing credit deterioration

Applying the four elements to the various segments of the loan portfolio results in an allocation of the allowance for credit losses as follows:

	9/30/02	6/30/02
	-----	-----
Domestic		
Real Estate	3%	4%
Commercial	71	72
Consumer	1	1
Foreign	11	13
Unallocated	14	10
	---	---
	100%	100%
	===	===

Such an allocation is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the loss.

TRADING ACTIVITIES

The fair value and notional amounts of the Company's financial instruments held for trading purposes at September 30, 2002 and September 30, 2001 are as follows:

(In millions)	September 30, 2002		3rd Quarter 2002 Average		
		Fair Value		Fair Value	
Trading Account	Notional Amount	Assets	Liabilities	Assets	Liabilities
	-----	-----	-----	-----	-----
Interest Rate Contracts:					
Futures and Forward Contracts	\$ 31,096	\$ 91	\$ -	\$ 115	\$ -
Swaps	149,476	1,847	612	2,981	1,281
Written Options	125,020	-	1,662	-	1,371
Purchased Options	48,881	272	-	329	-
Foreign Exchange Contracts:					
Swaps	1,891	-	-	-	-
Written Options	14,287	-	104	-	141
Purchased Options	17,145	84	-	87	-
Commitments to Purchase and Sell Foreign Exchange	60,121	441	471	731	743
Debt Securities	-	6,653	197	6,822	154
Credit Derivatives	1,943	23	8	14	11
Equity Derivatives	-	17	-	17	1
		-----	-----	-----	-----
Total Trading Account		\$9,428	\$3,054	\$11,096	\$3,702
		=====	=====	=====	=====

(In millions)	September 30, 2001			3rd Quarter 2001 Average	
	Amount	Fair Value		Fair Value	
		Assets	Liabilities	Assets	Liabilities
Notional Trading Account					
Interest Rate Contracts:					
Futures and Forward					
Contracts	\$ 32,732	\$ 41	\$ -	\$ 13	\$ -
Swaps	116,704	1,664	758	1,261	630
Written Options	89,307	-	1,165	-	1,021
Purchased Options	46,603	193	-	198	-
Foreign Exchange Contracts:					
Swaps	1,593	-	-	-	-
Written Options	11,256	-	49	-	30
Purchased Options	14,754	78	-	75	-
Commitments to Purchase and Sell Foreign Exchange	52,215	338	368	476	477
Debt Securities	-	6,957	27	7,404	10
Credit Derivatives	1,643	9	3	9	2
Equity Derivatives	-	21	-	122	121
Total Trading Account		\$9,301	\$2,370	\$9,558	\$2,291

The Company manages trading risk through a system of position limits, a value at risk (VAR) methodology, based on a Monte Carlo simulation, stop loss advisory triggers, and other market sensitivity measures. Risk is monitored and reported to senior management by an independent unit on a daily basis. The VAR methodology captures, based on certain assumptions, the potential overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one day holding period for most instruments, utilizes a 99% confidence level, and incorporates the non-linear characteristics of options. As the VAR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management's assessment of market conditions. Additional stress scenarios based upon historic market events are also tested.

The following table indicates the calculated VAR amounts for the trading portfolio for the periods indicated. During these periods, the daily trading loss did not exceed the calculated VAR amounts on any given day.

(In millions)	3rd Quarter 2002			Year-to-Date 2002			
	Average	Minimum	Maximum	Average	Minimum	Maximum	9/30/02
Interest Rate	\$4.1	\$2.6	\$5.8	\$4.7	\$2.6	\$9.2	\$4.1
Foreign Exchange	1.1	0.6	2.5	1.2	0.6	3.8	0.9
Equity	0.1	-	0.9	-	-	1.1	-
Diversification	(1.4)	NM	NM	(1.7)	NM	NM	(1.2)
Overall Portfolio	3.9	2.5	5.7	4.2	2.5	8.3	3.8

(In millions)	3rd Quarter 2001			Year-to-Date 2001			
	Average	Minimum	Maximum	Average	Minimum	Maximum	9/30/01
Interest Rate	\$5.6	\$3.8	\$7.7	\$4.9	\$2.6	\$7.7	\$5.4
Foreign Exchange	1.6	0.7	3.1	1.3	0.6	3.1	2.3
Equity	-	-	-	-	-	0.3	-
Diversification	(2.1)	NM	NM	(2.0)	NM	NM	(3.1)
Overall Portfolio	5.1	3.4	7.1	4.2	2.3	7.1	4.6

<FN>

NM - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect.

</FN>

CAPITAL

Regulators establish certain levels of capital for bank holding companies and banks, including the Company and The Bank of New York ("the Bank"), in accordance with established quantitative measurements. In order for the Company to maintain its status as a financial holding company, the Bank must qualify as well capitalized. In addition, major bank holding companies such as the Company are expected by the regulators to be well capitalized. As of September 30, 2002 and 2001, the Company and the Bank were considered well capitalized on the basis of the ratios (defined by regulation) of Total and Tier 1 capital to risk-weighted assets and leverage (Tier 1 capital to average assets). If a bank holding company or bank fails to qualify as "adequately capitalized", regulatory sanctions and limitations are imposed. The Company's and the Bank's estimated capital ratios are as follows:

	September 30, 2002		September 30, 2001		Company Targets	Well Capitalized Guidelines	Adequately Capitalized Guidelines
	Company	Bank	Company	Bank			
Tier 1*	7.69%	7.63%	7.51%	6.79%	7.75%	6%	4%
Total Capital**	11.72	11.80	11.02	10.57	11.75	10	8
Leverage	6.77	6.70	6.78	6.10	7.00	5	3-5
Tangible Common Equity	5.38	6.07	4.94	5.63	5.25-6.00		

<FN>

* Tier 1 capital consists, generally, of common equity and certain qualifying preferred stock, less goodwill.

**Total Capital consists of Tier 1 capital plus Tier 2 capital. Tier 2 capital consists, generally, of certain qualifying preferred stock and subordinated debt and a portion of the loan loss allowance.

</FN>

The Company issued \$250 million subordinated debt on November 5, 2002.

The Company's and the Bank's capital ratios were lower at September 30, 2001 due to increased assets resulting from the WTC disaster.

LIQUIDITY

The Company maintains its liquidity through the management of its assets and liabilities, utilizing worldwide financial markets. The diversification of liabilities reflects the Company's efforts to maintain flexibility of funding sources under changing market conditions. Stable core deposits, including demand, retail time, and trust deposits from processing businesses, are generated through the Company's diversified network and managed with the use of trend studies and deposit pricing. The use of derivative products such as interest rate swaps and financial futures enhances liquidity by enabling the Company to issue long-term liabilities with limited exposure to interest rate risk. Liquidity also results from the maintenance of a portfolio of assets which can be easily sold and the monitoring of unfunded loan commitments, thereby reducing unanticipated funding requirements. Liquidity is managed on both a consolidated basis and also at The Bank of New York Company, Inc. parent company ("Parent").

On a consolidated basis, non-core sources of funds such as money market rate accounts, certificates of deposits greater than \$100,000, federal funds purchased and other borrowings were \$14.0 billion and \$11.8 billion on an average basis for the first nine months of 2002 and 2001. Stable foreign deposits, primarily from the Company's European based securities servicing business, were \$24.3 billion and \$27.6 billion for the first nine months of 2002 and 2001. Savings and other time deposits were \$9.7 billion on a year-to-date average basis at September 30, 2002 compared to \$9.5 billion at September 30, 2001. A significant reduction in the Company's securities businesses would reduce its access to foreign deposits. The Company's average year-to-date 2001 balance sheet increased \$3.2 billion due to the WTC disaster.

The Parent has five major sources of liquidity: dividends from its subsidiaries, a collateralized line of credit with the Bank, the commercial paper market, a revolving credit agreement with third party financial institutions, and access to the capital markets.

At September 30, 2002, the amount of dividends the Bank could pay to the Parent and remain in compliance with federal bank regulatory requirements was \$439 million. This dividend capacity would increase in the remainder of 2002 to the extent of net income, less dividends. Nonbank subsidiaries of the Parent have liquid assets of approximately \$781 million. These assets could be liquidated and the proceeds delivered by dividend or loaned to the Parent.

The Parent has a line of credit with the Bank, which is subject to limits imposed by federal banking law. At September 30, 2002, the Parent could use the subsidiaries' liquid securities as collateral to allow it to borrow \$320 million rather than liquidate the securities and loan or dividend the proceeds to the Parent and remain in compliance with federal banking regulations. The Parent had no borrowings from the Bank at September 30, 2002.

At September 30, 2002, the Parent's quarterly average commercial paper borrowings were \$88 million compared with \$464 million in 2001. Commercial paper outstandings were \$65 million and \$415 million at September 30, 2002 and 2001. At September 30, 2002, the Parent had cash of \$89 million.

The Parent has back-up lines of credit of \$275 million at financial institutions. This line of credit matures in October 2006. There were no borrowings under the line of credit at September 30, 2002 and September 30, 2001.

The Parent also has the ability to access the capital markets. At November 8, 2002, the Parent has a shelf registration statement with a remaining capacity of \$1.5 billion of debt, preferred stock, preferred trust securities, or common stock. Access to the capital markets is partially dependent on the Company's credit ratings, which as of November 8, 2002 were as follows:

	Parent Commercial Paper	Parent Subordinated Long-Term Debt	Parent Senior Long-Term Debt	The Bank of New York Long-Term Deposits
Standard & Poor's	A-1	A	A+	AA-
Moody's	P1	A1	Aa3	Aa2
Fitch	F1+	A+	AA-	AA

The Parent's major uses of funds are payment of principal and interest on its borrowings, acquisitions, dividends, repurchase of common stock, and additional investment in its subsidiaries.

The Parent has approximately \$550 million of long-term debt that becomes due before December 31, 2002. In addition, at September 30, 2002 the Parent has the option to call \$105 million of debt in the remainder of 2002 and expects to call and refinance if market conditions are favorable. The Parent expects to refinance any debt it repays by issuing a combination of senior and subordinated debt.

The Parent redeemed \$400 million of trust preferred securities in the third quarter of 2002.

Double leverage is the ratio of investment in subsidiaries divided by the Company's consolidated equity plus trust preferred securities. The Company's double leverage ratio at September 30, 2002 and 2001 was 99.31% and 99.42%. The Company's target double leverage ratio is a maximum of 120%. The double leverage ratio is monitored by regulators and rating agencies and is an important constraint on the Company's ability to invest in its subsidiaries to expand its businesses.

ASSET/LIABILITY MANAGEMENT

The Company's asset/liability management activities include lending, investing in securities, accepting deposits, raising money as needed to fund assets, and processing securities and other transactions. The market risks that arise from these activities are interest rate risk, and to a lesser degree, foreign exchange risk. The Company's primary market risk is exposure to movements in US dollar interest rates. Exposure to movements in foreign currency interest rates also exists, but to a significantly lower degree. The Company actively manages interest rate sensitivity (the exposure of net interest income to interest rate movements). In addition to gap analysis, the Company uses earnings simulation and discounted cash flow models to identify interest rate exposures.

An earnings simulation model is the primary tool used to assess changes in pre-tax net interest income. The model incorporates management's assumptions regarding interest rates, balance changes on core deposits, and changes in the prepayment behavior of loans and securities. These assumptions have been developed through a combination of historical analysis and future expected pricing behavior. Derivative financial instruments used for interest rate risk management purposes are also included in this model.

The Company believes it has positioned its balance sheet to be neutral to a change in interest rates. The Company evaluates the effect on earnings by running various interest rate scenarios up and down from a baseline scenario which assumes no changes in interest rates. These scenarios are reviewed to examine the impact of large interest rate movements. Interest rate sensitivity is quantified by estimating the change in pre-tax net interest income between the scenarios over a 12-month measurement period. The measurement of interest rate sensitivity is the percentage change in net interest income calculated by the model under a 100 basis point ramp up or down in short-term and long-term rates versus a baseline scenario. At September 30, 2002, under these ramp scenarios, annualized pre-tax net interest income would be negatively affected by 1.8% from the baseline scenario for an increase in rates and by 0.7% for a decline. The change in net interest income in the ramp up scenario reflects the impact of the Company's mortgage portfolio. The change in net interest income in the ramp down scenario reflects compression on pricing of deposits in a low interest rate environment. These scenarios do not include the strategies that management could employ to limit the impact as interest rate expectations change.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are described in the "Notes to Consolidated Financial Statements" under "Summary of Significant Accounting and Reporting Policies" in the Company's 2001 Annual Report on Form 10-K. Two of the Company's more critical accounting policies are those related to the allowance for credit losses and to the valuation of derivatives and securities where quoted market prices are not available.

ALLOWANCE FOR CREDIT LOSSES

The allocated portion of the allowance for credit losses is principally determined using an expected loss model driven by Probability of Default and Loss Given Default ratings. Ratings are assigned after analyzing the credit quality of each borrower and the collateral/structure of each individual asset. These ratings are periodically compared to internal company and external rating agency default and loss databases to ensure consistency. Other factors used in establishing the allocated portion of the allowance include forecasts of future cash flows and maturity.

The Company's unallocated allowance is based on management's judgment. Factors that influence this judgment include:

- Economic conditions, including duration of the current cycle
- Past experience, including recent loss experience
- Credit quality trends
- Collateral values
- Volume, composition, and growth of the loan portfolio
- Specific credits and industry conditions
- Results of bank regulatory and internal credit exams
- Actions by the Federal Reserve Board
- Delay in receipt of information to evaluate loans or confirm existing credit deterioration

To the extent actual results differ from forecasts or management's judgment, the allowance for credit losses may be greater or less than future charge-offs.

VALUATION OF DERIVATIVES AND SECURITIES WHERE QUOTED MARKET PRICES ARE NOT AVAILABLE

When quoted market prices are not available, derivatives and securities values are determined based on discounted cash flow analysis, comparison to similar instruments, and the use of financial models. Discounted cash flow analysis is dependent upon estimated future cash flows and the level of interest rates. Model-based pricing uses inputs of observable prices for interest rates, foreign exchange rates, option volatilities and other factors. Models are benchmarked and validated by external parties.

These valuation methods could expose the Company to materially different results should the models used or underlying assumptions be inaccurate.

POTENTIAL IMPACT OF LOWER EQUITY PRICE LEVELS

As of the market close on November 8, the S&P 500 has declined by 22.1% and the Dow Jones Industrial Average has declined by 14.8% from December 31, 2001 levels. The equity markets have been volatile over the course of the year, but further declines could have several potential negative effects on the Company.

The Company holds investments in portfolios of 1) equity securities of other financial institutions, 2) sponsor-managed private equities and 3) fixed income investment securities in part to generate securities gains. Although the Company has made substantial progress in reducing its equity exposures, further declines in the equity markets could negatively impact the Company's results of operations.

The lower equity price levels also affect selected other revenue categories of the Company, including private client services/asset management fees, as well as fees of certain securities servicing business lines, such as custody and mutual fund services. In general, however, the Company's overall securities servicing business revenue generation is more dependent on market volumes and volatility than asset price levels.

Lastly, the Company has an overfunded pension plan which has generated sizable pension credits in recent years. Lower actual returns on assets, combined with a projected lower rate of return on plan assets going forward, could result in smaller pension credits in 2003 and beyond. The Company expects a reduction in its pension credit to reduce net income in 2003 by \$.04 to \$.06 per share.

WORLD TRADE CENTER DISASTER UPDATE

The Company has substantially completed the reoccupation of its two major facilities disabled by the WTC disaster. The Company incurred \$21 million in expenses associated with its interim space and move costs during the quarter. The Company also estimated and recorded a \$223 million loss associated with the subletting of its interim operating facilities. These expenses were netted against an offsetting insurance recovery. Since the WTC disaster, the Company has recorded insurance recoveries of \$511 million and received cash advances on its claim of \$275 million. Future cash advances will largely relate to the sublease loss and business interruption costs.

COMPARISON WITH 2001 NORMALIZED RESULTS

The WTC disaster adversely impacted the Company's third quarter 2001 results as illustrated below:

(Dollars in millions, except per share amounts)	For the three Months ended September 30, 2001	
	Net Income	EPS
Reported	\$ 243	\$0.33
WTC Disaster	140	0.19
Normalized	\$ 383	\$0.52

Net income in the third quarter of 2002 declined to \$79 million from \$383 million on a normalized basis in the third quarter of 2001. Excluding the charges related to credit losses and equity securities writedowns, net income was \$339 million in the third quarter of 2002. The decline in net income of \$44 million on this basis from a year ago primarily reflects lower trading and other income. Trading revenues declined \$35 million reflecting weaker capital markets and fewer sales of interest rate hedging products. Other income declined \$30 million from the third quarter of 2001, which included a \$43 million gain related to the sale of the Company's interest in the New York Cash Exchange. The September 30, 2001 period end and average balance sheets were significantly higher than the September 30, 2002, balance sheets due to the WTC disaster.

STATISTICAL INFORMATION

THE BANK OF NEW YORK COMPANY, INC.
Average Balances and Rates on a Taxable Equivalent Basis
(Dollars in millions)

	For the three months ended September 30, 2002			For the three months ended September 30, 2001		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						

Interest-Bearing Deposits in Banks (primarily foreign)	\$ 4,029	\$ 28	2.76%	\$ 6,417	\$ 68	4.20%
Federal Funds Sold and Securities Purchased Under Resale Agreements	2,736	11	1.64	6,161	53	3.39
Loans						
Domestic Offices	19,388	240	4.92	22,381	329	5.85
Foreign Offices	14,360	122	3.37	17,139	226	5.23
Total Loans	33,748	362	4.26	39,520	555	5.58
Securities						
U.S. Government Obligations	521	7	5.14	951	13	5.24
U.S. Government Agency Obligations	3,741	47	5.07	3,772	58	6.14
Obligations of States and Political Subdivisions	504	8	6.55	686	12	7.24
Other Securities	12,032	139	4.63	6,390	94	5.85
Trading Securities	6,792	58	3.38	7,415	84	4.49
Total Securities	23,590	259	4.39	19,214	261	5.40
Total Interest-Earning Assets	64,103	660	4.09%	71,312	937	5.21%
Allowance for Credit Losses	(616)			(612)		
Cash and Due from Banks	2,601			4,462		
Other Assets	12,722			11,878		
TOTAL ASSETS	\$78,810			\$87,040		
	=====			=====		
LIABILITIES AND SHAREHOLDERS' EQUITY						

Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 6,661	\$ 22	1.32%	\$ 7,409	\$ 48	2.55%
Savings	8,144	22	1.07	7,639	36	1.88
Certificates of Deposit						
\$100,000 & Over	3,322	18	2.14	402	5	4.74
Other Time Deposits	1,475	8	2.17	1,831	19	4.06
Foreign Offices	23,234	95	1.63	30,068	243	3.21
Total Interest-Bearing Deposits	42,836	165	1.53	47,349	351	2.94
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	2,040	8	1.51	3,724	27	2.85
Other Borrowed Funds	1,300	8	2.47	1,987	92	18.37
Long-Term Debt	5,467	50	3.59	4,560	65	5.67
Total Interest-Bearing Liabilities	51,643	231	1.77%	57,620	535	3.68%
Noninterest-Bearing Deposits	10,792			13,585		
Other Liabilities	9,760			9,464		
Shareholders' Equity	6,615			6,371		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$78,810			\$87,040		
	=====			=====		
Net Interest Earnings and Interest Rate Spread		\$ 429	2.32%		\$ 402	1.53%
		=====	=====		=====	=====
Net Yield on Interest-Earning Assets			2.66%			2.24%
			=====			=====

THE BANK OF NEW YORK COMPANY, INC.
Average Balances and Rates on a Taxable Equivalent Basis
(Dollars in millions)

	For the nine months ended September 30, 2002			For the nine months ended September 30, 2001		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						

Interest-Bearing Deposits						
in Banks (primarily foreign)	\$ 4,992	\$ 106	2.85%	\$ 5,940	\$ 200	4.49%
Federal Funds Sold and Securities						
Purchased Under Resale Agreements	2,957	38	1.70	4,507	142	4.22
Loans						
Domestic Offices	19,270	731	5.07	20,158	989	6.56
Foreign Offices	15,361	392	3.41	18,152	838	6.17
Total Loans	34,631	1,123	4.33	38,310	1,827	6.38
Securities						
U.S. Government Obligations	663	26	5.31	1,081	45	5.57
U.S. Government Agency Obligations	3,299	134	5.43	2,823	135	6.36
Obligations of States and						
Political Subdivisions	550	27	6.57	668	38	7.67
Other Securities	10,235	370	4.82	4,595	202	5.89
Trading Securities	7,882	199	3.38	8,861	334	5.05
Total Securities	22,629	756	4.46	18,028	754	5.60
Total Interest-Earning Assets	65,209	2,023	4.15%	66,785	2,923	5.86%
Allowance for Credit Losses	(616)			(613)		
Cash and Due from Banks	2,656			3,302		
Other Assets	12,117			10,708		
TOTAL ASSETS	\$79,366			\$80,182		
	=====			=====		
LIABILITIES AND SHAREHOLDERS' EQUITY						

Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 6,661	\$ 66	1.33%	\$ 6,606	\$ 171	3.46%
Savings	8,124	70	1.15	7,594	126	2.22
Certificates of Deposit						
\$100,000 & Over	1,701	30	2.35	395	16	5.43
Other Time Deposits	1,548	27	2.32	1,903	64	4.50
Foreign Offices	24,283	291	1.60	27,618	808	3.92
Total Interest-Bearing Deposits	42,317	484	1.53	44,116	1,185	3.59
Federal Funds Purchased and Securities						
Sold Under Repurchase Agreements	2,148	24	1.48	2,830	82	3.86
Other Borrowed Funds	3,465	66	2.57	2,015	151	10.00
Long-Term Debt	5,316	159	3.96	4,527	218	6.39
Total Interest-Bearing Liabilities	53,246	733	1.84%	53,488	1,636	4.09%
Noninterest-Bearing Deposits	10,394			11,773		
Other Liabilities	9,321			8,769		
Shareholders' Equity	6,405			6,152		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$79,366			\$80,182		
	=====			=====		
Net Interest Earnings and Interest Rate Spread		\$1,290	2.31%		\$1,287	1.77%
		=====	=====		=====	=====
Net Yield on Interest-Earning Assets			2.65%			2.58%
			=====			=====

THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Statements of Income
 (In millions, except per share amounts)
 (Unaudited)

	For the three months ended		
	March 31, 2002	June 30, 2002	September 30, 2002
Interest Income			

Loans	\$ 383	\$ 377	\$ 362
Securities			
Taxable	141	158	175
Exempt from Federal Income Taxes	16	16	15
	-----	-----	-----
Deposits in Banks	157	174	190
Federal Funds Sold and Securities Purchased	35	44	28
Under Resale Agreements	14	12	11
Trading Assets	73	68	58
	-----	-----	-----
Total Interest Income	662	675	649
	-----	-----	-----
Interest Expense			

Deposits	160	158	165
Federal Funds Purchased and Securities Sold			
Under Repurchase Agreements	8	8	8
Other Borrowed Funds	29	30	8
Long-Term Debt	53	56	50
	-----	-----	-----
Total Interest Expense	250	252	231
	-----	-----	-----
Net Interest Income	412	423	418

Provision for Credit Losses	35	35	225
	-----	-----	-----
Net Interest Income After Provision for Credit Losses	377	388	193
	-----	-----	-----
Noninterest Income			

Servicing Fees			
Securities	454	478	480
Global Payment Services	73	71	73
	-----	-----	-----
527	549	553	
Private Client Services and			
Asset Management Fees	83	88	85
Service Charges and Fees	83	93	91
Foreign Exchange and Other Trading Activities	62	72	49
Securities Gains	31	25	(188)
Other	32	28	46
	-----	-----	-----
Total Noninterest Income	818	855	636
	-----	-----	-----
Noninterest Expense			

Salaries and Employee Benefits	387	418	397
Net Occupancy	49	49	76
Furniture and Equipment	35	35	32
Other	178	194	201
	-----	-----	-----
Total Noninterest Expense	649	696	706
	-----	-----	-----
Income Before Income Taxes	546	547	123
Income Taxes	184	186	44
	-----	-----	-----
Net Income	\$ 362	\$ 361	\$ 79
-----	=====	=====	=====
Per Common Share Data:			

Basic Earnings	\$0.50	\$0.50	\$0.11
Diluted Earnings	0.50	0.50	0.11
Cash Dividends Paid	0.19	0.19	0.19
Diluted Shares Outstanding	730	729	727

<FN>

See Note 2 to Consolidated Financial Statements regarding accounting changes.

</FN>

THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Statements of Income
 (In millions, except per share amounts)
 (Unaudited)

	For the three months ended				Year 2001
	March 31, 2001	June 30, 2001	September 30, 2001	December 31 2001	
Interest Income					
Loans	\$ 676	\$ 595	\$ 555	\$ 445	\$2,271
Securities					
Taxable	78	100	143	143	463
Exempt from Federal Income Taxes	17	20	19	18	74
	95	120	162	161	537
Deposits in Banks	70	62	68	53	252
Federal Funds Sold and Securities Purchased					
Under Resale Agreements	51	38	53	16	159
Trading Assets	141	110	84	66	401
Total Interest Income	1,033	925	922	741	3,620
Interest Expense					
Deposits	463	373	351	220	1,406
Federal Funds Purchased and Securities Sold					
Under Repurchase Agreements	32	23	27	12	94
Other Borrowed Funds	31	28	92	12	162
Long-Term Debt	80	71	65	59	277
Total Interest Expense	606	495	535	303	1,939
Net Interest Income	427	430	387	438	1,681
Provision for Credit Losses	30	30	40	275	375
Net Interest Income After Provision for Credit Losses	397	400	347	163	1,306
Noninterest Income					
Servicing Fees					
Securities	463	443	422	446	1,774
Global Payment Services	69	72	75	71	287
	532	515	497	517	2,061
Private Client Services and					
Asset Management Fees	81	80	75	78	314
Service Charges and Fees	90	95	81	89	355
Foreign Exchange and Other Trading Activities	83	98	79	78	338
Securities Gains	46	46	22	40	154
Other	33	31	76	208	348
Total Noninterest Income	865	865	830	1,010	3,570
Noninterest Expense					
Salaries and Employee Benefits	395	393	419	386	1,593
Net Occupancy	50	47	87	48	232
Furniture and Equipment	31	31	87	30	179
Other	184	193	228	209	814
Total Noninterest Expense	660	664	821	673	2,818
Income Before Income Taxes	602	601	356	500	2,058
Income Taxes	218	216	113	169	715
Net Income	\$ 384	\$ 385	\$ 243	\$ 331	\$1,343
Per Common Share Data:					
Basic Earnings	\$0.53	\$0.53	\$0.33	\$0.45	\$1.84
Diluted Earnings	0.52	0.52	0.33	0.45	1.81
Cash Dividends Paid	0.18	0.18	0.18	0.18	0.72
Diluted Shares Outstanding	743	742	741	738	741

<FN>

See Note 2 to Consolidated Financial Statements regarding accounting changes.

</FN>

FORWARD LOOKING STATEMENTS

The information presented with respect to, among other things, earnings outlook, projected business strategy, the outcome of legal and investigatory proceedings, the Company's plans, objectives and strategies reallocating assets and moving into fee-based businesses, and future loan losses is forward looking information. Forward looking statements are the Company's current estimates or expectations of future events or future results.

The Company or its executive officers and directors on behalf of the Company, may from time to time make forward looking statements. When used in this report, any press release or oral statements, the words "estimate", "forecast", "project", "anticipate", "expect", "intend", "believe", "plan", "goal", "should", "may", "strategy", and words of like import are intended to identify forward looking statements in addition to statements specifically identified as forward looking statements.

Forward looking statements, including the Company's future results of operations and discussions of future plans contained in Management's Discussion and Analysis and elsewhere in this Form 10-Q, are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from projected results. Forward looking statements, projections or future plans, could be affected by a number of factors that the Company is necessarily unable to predict with accuracy, including the economic and other effects of the WTC disaster and subsequent U.S. military action, lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses, changes in relationships with customers, variations in management projections or market forecasts and the actions that management could take in response to these changes, management's ability to achieve efficiency goals, changes in customer credit quality, the Company's access to the capital markets, future changes in interest rates, general credit quality, the levels of economic, capital market, cross-border investing and merger and acquisition activity, consumer behavior, government monetary policy, domestic and foreign legislation, regulation and investigation, competition, credit, market and operating risk, and loan demand, as well as the pace of recovery of the domestic economy, market demand for the Company's products and services and future global economic, political and military conditions. This is not an exhaustive list and as a result of variations in any of these factors actual results may differ materially from any forward looking statements.

Forward looking statements speak only as of the date they are made. The Company will not update forward looking statements to reflect facts, assumptions, circumstances or events which have changed after a forward looking statement was made.

GOVERNMENT MONETARY POLICIES

The Federal Reserve Board has the primary responsibility for United States monetary policy. Its actions have an important influence on the demand for credit and investments and the level of interest rates and thus on the earnings of the Company.

COMPETITION

The businesses in which the Company operates are very competitive. Competition is provided by both unregulated and regulated financial services organizations, whose products and services span the local, national, and global markets in which the Company conducts operations.

A wide variety of domestic and foreign companies compete for processing services. Commercial banks, savings banks, savings and loan associations, and credit unions actively compete for deposits, and money market funds and brokerage houses offer deposit-like services. These institutions, as well as consumer and commercial finance companies, national retail chains, factors,

insurance companies and pension trusts, are important competitors for various types of loans. Issuers of commercial paper compete actively for funds and reduce demand for bank loans. For personal and corporate trust services and investment counseling services, insurance companies, investment counseling firms, and other business firms and individuals offer active competition.

WEBSITE INFORMATION

The Company makes available, on its website: www.bankofny.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Balance Sheets
 (Dollars in millions, except per share amounts)
 (Unaudited)

	September 30, 2002 ----	December 31, 2001 ----
Assets		

Cash and Due from Banks	\$ 3,753	\$ 3,222
Interest-Bearing Deposits in Banks	4,446	6,619
Securities		
Held-to-Maturity (fair value of \$1,137 in 2002 and \$1,178 in 2001)	1,141	1,211
Available-for-Sale	16,882	11,651
	-----	-----
Total Securities	18,023	12,862
Trading Assets at Fair Value	9,428	8,270
Federal Funds Sold and Securities Purchased Under Resale Agreements	2,410	4,795
Loans (less allowance for credit losses of \$681 in 2002 and \$616 in 2001)	33,561	35,131
Premises and Equipment	976	992
Due from Customers on Acceptances	299	313
Accrued Interest Receivable	267	236
Goodwill	2,345	2,065
Intangible Assets	58	19
Other Assets	5,421	6,501
	-----	-----
Total Assets	\$80,987	\$81,025
	=====	=====
Liabilities and Shareholders' Equity		

Deposits		
Noninterest-Bearing (principally domestic offices)	\$13,208	\$12,635
Interest-Bearing		
Domestic Offices	20,201	16,553
Foreign Offices	23,560	26,523
	-----	-----
Total Deposits	56,969	55,711
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	1,256	1,756
Trading Liabilities	3,054	2,264
Other Borrowed Funds	1,687	2,363
Acceptances Outstanding	301	358
Accrued Taxes and Other Expenses	4,098	3,766
Accrued Interest Payable	123	92
Other Liabilities	1,338	3,422
Long-Term Debt	5,528	4,976
	-----	-----
Total Liabilities	74,354	74,708
	-----	-----
Shareholders' Equity		
Class A Preferred Stock - par value \$2.00 per share, authorized 5,000,000 shares, outstanding 3,500 shares in 2002 and in 2001	-	-
Common Stock-par value \$7.50 per share, authorized 2,400,000,000 shares, issued 993,433,196 shares in 2002 and 990,773,101 shares in 2001	7,451	7,431
Additional Capital	831	741
Retained Earnings	4,773	4,383
Accumulated Other Comprehensive Income	123	80
	-----	-----
	13,178	12,635
Less: Treasury Stock (267,379,292 shares in 2002 and 260,449,527 shares in 2001), at cost	6,539	6,312
Loan to ESOP (823,810 shares in 2002 and in 2001), at cost	6	6
	-----	-----

Total Shareholders' Equity	6,633	6,317
	-----	-----
Total Liabilities and Shareholders' Equity	\$80,987	\$81,025
	=====	=====

<FN>

Note: The balance sheet at December 31, 2001 has been derived from the audited financial statements at that date.

See accompanying Notes to Consolidated Financial Statements.

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THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Statements of Income
 (In millions, except per share amounts)
 (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Interest Income				

Loans	\$ 362	\$ 555	\$1,122	\$1,827
Securities				
Taxable	175	143	474	320
Exempt from Federal Income Taxes	15	19	47	56
	-----	-----	-----	-----
	190	162	521	376
Deposits in Banks	28	68	106	200
Federal Funds Sold and Securities Purchased				
Under Resale Agreements	11	53	38	142
Trading Assets	58	84	199	334
	-----	-----	-----	-----
Total Interest Income	649	922	1,986	2,879
	-----	-----	-----	-----
Interest Expense				

Deposits	165	351	484	1,185
Federal Funds Purchased and Securities Sold				
Under Repurchase Agreements	8	27	24	82
Other Borrowed Funds	8	92	66	151
Long-Term Debt	50	65	159	218
	-----	-----	-----	-----
Total Interest Expense	231	535	733	1,636
	-----	-----	-----	-----
Net Interest Income	418	387	1,253	1,243

Provision for Credit Losses	225	40	295	100
	-----	-----	-----	-----
Net Interest Income After Provision for Credit Losses	193	347	958	1,143
	-----	-----	-----	-----
Noninterest Income				

Servicing Fees				
Securities	480	422	1,411	1,328
Global Payment Services	73	75	217	216
	-----	-----	-----	-----
	553	497	1,628	1,544
Private Client Services and				
Asset Management Fees	85	75	256	235
Service Charges and Fees	91	81	267	267
Foreign Exchange and Other Trading Activities	49	79	183	260
Securities Gains	(188)	22	(131)	113
Other	46	76	106	140
	-----	-----	-----	-----
Total Noninterest Income	636	830	2,309	2,559
	-----	-----	-----	-----
Noninterest Expense				

Salaries and Employee Benefits	397	419	1,202	1,205
Net Occupancy	76	87	175	184
Furniture and Equipment	32	87	101	148
Other	201	228	573	607
	-----	-----	-----	-----
Total Noninterest Expense	706	821	2,051	2,144
	-----	-----	-----	-----
Income Before Income Taxes	123	356	1,216	1,558
Income Taxes	44	113	414	546
	-----	-----	-----	-----
Net Income	\$ 79	\$ 243	\$ 802	\$1,012
-----	=====	=====	=====	=====
Per Common Share Data:				

Basic Earnings	\$0.11	\$0.33	\$1.11	\$1.38
Diluted Earnings	0.11	0.33	1.10	1.36
Cash Dividends Paid	0.19	0.18	0.57	0.54
Diluted Shares Outstanding	727	741	729	742

<FN>

See accompanying Notes to Consolidated Financial Statements.

</FN>

THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Statement of Changes in Shareholders' Equity
 For the nine months ended September 30, 2002
 (In millions)
 (Unaudited)

Common Stock			
Balance, January 1			\$ 7,431
Issuances in Connection with Employee Benefit Plans			20

Balance, September 30			7,451

Additional Capital			
Balance, January 1			741
Issuances in Connection with Employee Benefit Plans			90

Balance, September 30			831

Retained Earnings			
Balance, January 1			4,383
Net Income	\$ 802		802
Cash Dividends on Common Stock			(412)

Balance, September 30			4,773

Accumulated Other Comprehensive Income			
Securities Valuation Allowance			
Balance, January 1			114
Change in Fair Value of Securities Available-for-Sale, Net of Taxes of \$85 Million		77	77
Reclassification Adjustment, Net of Taxes of \$(34) Million	(46)		(46)

Balance, September 30			145

Foreign Currency Items			
Balance, January 1			(46)
Foreign Currency Translation Adjustment, Net of Taxes of \$(5) Million		(3)	(3)

Balance, September 30			(49)

Unrealized Derivative Gains			
Balance, January 1			12
Net Unrealized Derivative Gains on Cash Flow Hedges, Net of Taxes of \$14 Million		15	15

Balance, September 30			27

Total Comprehensive Income		\$ 845	
			=====
Less Treasury Stock			
Balance, January 1			6,312
Issued			(53)
Acquired			280

Balance, September 30			6,539

Less Loan to ESOP			
Balance, January 1			6

Balance, September 30			6

Total Shareholders' Equity, September 30

\$ 6,633
=====

<FN>

Comprehensive Income for the three months ended September 30, 2002 and 2001 was \$170 million and \$269 million.

Comprehensive income for the nine months ended September 30, 2002 and 2001 was \$845 million and \$957 million.

See accompanying Notes to Consolidated Financial Statements.

</FN>

THE BANK OF NEW YORK COMPANY, INC.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	For the nine months ended September 30,	
	2002	2001
	----	----
Operating Activities		
Net Income	\$ 802	\$1,012
Adjustments to Determine Net Cash Attributable to Operating Activities		
Provision for Losses on Loans and Other Real Estate	295	102
Depreciation and Amortization	147	202
Deferred Income Taxes	195	385
Securities Gains	131	(113)
Change in Trading Activities	(295)	3,008
Change in Accruals and Other, Net	(573)	(1,813)
	-----	-----
Net Cash Provided by Operating Activities	702	2,783
	-----	-----
Investing Activities		
Change in Interest-Bearing Deposits in Banks	2,537	(651)
Purchases of Securities Held-to-Maturity	(60)	-
Maturities of Securities Held-to-Maturity	125	20
Purchases of Securities Available-for-Sale	(15,433)	(10,375)
Sales of Securities Available-for-Sale	6,653	2,118
Maturities of Securities Available-for-Sale	3,632	2,085
Net Principal Received (Disbursed) on Loans to Customers	1,415	(9,355)
Sales of Loans and Other Real Estate	244	316
Change in Federal Funds Sold and Securities Purchased Under Resale Agreements	2,385	5,459
Purchases of Premises and Equipment	(165)	(86)
Acquisitions, Net of Cash Acquired	(348)	(547)
Proceeds from the Sale of Premises and Equipment	1	4
Other, Net	(267)	(112)
	-----	-----
Net Cash Provided (Used) by Investing Activities	719	(11,124)
	-----	-----
Financing Activities		
Change in Deposits	417	4,040
Change in Federal Funds Purchased and Securities Sold Under Repurchase Agreements	(500)	4,611
Change in Other Borrowed Funds	(509)	402
Proceeds from the Issuance of Long-Term Debt	1,325	100
Repayments of Long-Term Debt	(1,005)	(155)
Issuance of Common Stock	163	274
Treasury Stock Acquired	(280)	(519)
Cash Dividends Paid	(412)	(397)
	-----	-----
Net Cash (Used) Provided by Financing Activities	(801)	8,356
	-----	-----
Effect of Exchange Rate Changes on Cash	(89)	149
	-----	-----
Change in Cash and Due From Banks	531	164
Cash and Due from Banks at Beginning of Period	3,222	3,125
	-----	-----
Cash and Due from Banks at End of Period	\$3,753	\$3,289
	=====	=====

Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period for:		
Interest	\$ 702	\$1,639
Income Taxes	222	155
Noncash Investing Activity (Primarily Foreclosure of Real Estate)	1	1

<FN>

See accompanying Notes to Consolidated Financial Statements.

</FN>

THE BANK OF NEW YORK COMPANY, INC.
Notes to Consolidated Financial Statements

1. General

The accounting and reporting policies of The Bank of New York Company, Inc., a financial holding company, and its consolidated subsidiaries (the "Company") conform with generally accepted accounting principles and general practice within the banking industry. Such policies are consistent with those applied in the preparation of the Company's annual financial statements.

The accompanying consolidated financial statements are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods have been made. Excluding adjustments related to the World Trade Center disaster ("WTC disaster"), such adjustments are of a normal recurring nature.

2. Accounting Changes and New Accounting Pronouncements

The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation," in 1996. At the time, as permitted by the standard, the Company elected not to adopt the fair value accounting provisions of the standard and to continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." However, during the third quarter of 2002, the Company announced it would adopt the fair value accounting provisions of SFAS No. 123 for 2003 grants. The Financial Accounting Standards Board (the "FASB") is considering modifying SFAS No. 123 to allow alternative methods of adoption. The Company plans to use the original method permitted under SFAS No. 123 which will require options granted after January 1, 2003 to be expensed. This method is expected to reduce diluted earnings per common share for 2003 by approximately \$.03 per share. In accordance with SFAS No. 123, options granted prior to January 1, 2003 will continue to be accounted for under APB Opinion No. 25.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company does not expect the adoption of this pronouncement to have an impact on its results of operations or financial condition.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 was effective for financial statements issued for fiscal years beginning after December 15, 2001. The standard addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 became effective for the Company on January 1, 2002. The adoption of this standard had no impact on the Company's results of operations or financial condition.

See footnote 4 regarding the impact of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets".

In November 2001, the FASB issued Emerging Issues Task Force ("EITF") No. 01-14, "Income Statement Characterization of Reimbursements Received for Out-Of-Pocket Expenses Incurred." This guidance, effective January 1, 2002 requires companies to recognize the reimbursement of client-related expenses as revenue and the costs as operating expense. Historically, the Company has netted these reimbursements against the related operating expenses. Client reimbursements for out-of-pocket expenses are reflected in securities servicing and private client services and asset management fee revenue in the accompanying financial statements. Prior periods have been restated. See pages 29 and 30.

In the fourth quarter of 2001, the Company reclassified Company-Obligated Mandatory Redeemable Preferred Trust Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures to Long-Term Debt. Prior periods have been restated.

In May 2002, the FASB issued an exposure draft related to guarantees. The new standard would require a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of obligations it has undertaken in issuing the guarantee. The Company does not believe that adoption of the new standard will have a significant impact on its financial condition or results of operations.

In June 2002, the FASB issued an exposure draft related to consolidation of special-purpose entities ("SPEs") that may affect securitization transactions. Since that time the FASB has discussed significant modifications to the exposure draft. Information regarding the Company securitization transactions is disclosed in footnote 6 "Securitizations" in the Company's 2001 Annual Report. The Company does not believe that adoption of a new standard related to SPEs will have a significant impact on its financial condition or results of operations.

On July 30, 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", which is effective for exit or disposal activities initiated after December 31, 2002. The standard requires costs associated with exit or disposal activities to be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company does not believe that adoption of the new standard will have a significant impact on its financial condition or results of operations.

In October 2002, the FASB issued SFAS No. 147 "Acquisitions of Certain Financial Institutions." This standard eliminates specialized accounting guidance related to certain acquisitions. The Company does not believe that adoption of the standard will have a significant impact on its financial condition or results of operations.

3. Acquisitions and Dispositions

The Company continues to be an active acquirer of securities servicing and asset management businesses. During the third quarter of 2002, 2 businesses were acquired for a total cost of \$7 million, primarily paid in cash. The Company records the fair value of contingent payments as an additional cost of the entity acquired in the period that the payment becomes probable. Potential contingent payments related to third quarter acquisitions are \$16 million. During the first nine months of 2002, the Company acquired 9 businesses for \$328 million, and is contingently liable for payments of \$300 million.

Goodwill related to third quarter and year-to-date 2002 acquisition transactions was \$6 million and \$234 million respectively. The tax deductible portion of goodwill for the third quarter and year-to-date 2002 is zero and \$165 million. All of the goodwill was assigned to the Company's Servicing and Fiduciary Business segment. At September 30, 2002, the Company was liable for potential contingent payments related to acquisitions in the amount of \$464 million. During the third quarter and first nine months of 2002, the Company paid \$2.6 million and \$12.6 million for contingent payments related to acquisitions made in prior years. The pro forma effect of the 2002 acquisitions is not material to third quarter 2002 net income.

In February 2002, the Company acquired Autranet, Inc., a subsidiary of Credit Suisse First Boston (USA), Inc. This acquisition provided the Company with one of the largest providers of independently originated research services in the U.S. which maintains relationships with over 500 institutional investment managers. Autranet provides a full range of services covering every aspect of the third party research process including trade execution,

operational and administrative support, research selection and procurement services and regulatory support.

In February 2002, the Company acquired G-Trade Services, Ltd. and other related wholly-owned subsidiaries of the Credit Lyonnais SA Group. G-Trade, a leading provider of wholesale execution services including electronic direct access trading in 22 markets and basket trading capabilities in 65 markets worldwide, is the executing and clearing broker for non-U.S. equities executed through the Bloomberg Tradebook system. This acquisition expands the Company's non-dollar institutional trading capabilities and enhances the range of international services that the Company offers in the institutional brokerage and clearing services sector.

In February 2002, the Company acquired the Core International ADR and Domestic Equity Index institutional investment management businesses of Axe-Houghton Associates, Inc. based in Rye Brook, New York. This transaction added approximately \$2.6 billion in assets under management.

In March 2002, the Company acquired Jaywalk, Inc., a third-party aggregator of quality independent investment research. The acquisition offers quantitative, fundamental, technical, sell strategy and intellectual property analyses covering thousands of securities. Jaywalk brings together top independent research providers on one platform, enabling institutional money management clients to generate new investment ideas and strategies.

In May 2002, the Company acquired Gannet Welsh & Kotler, Inc ("GW&K"), a privately held asset management firm based in Boston, Massachusetts. GW&K manages approximately \$5 billion offering both fixed income and equity portfolio management services to high net worth individuals and small to mid-size institutions located in the Boston area and nationwide.

In June 2002, the Company acquired Beacon Fiduciary Advisors, a privately held asset management firm based in Chestnut Hill, Massachusetts which manages in excess of \$700 million for over 350 high-net-worth individuals nationwide.

In June 2002, the Company acquired Francis P. Maglio & Co., Inc., a leading institutional trading firm. This acquisition complements the Company's comprehensive suite of trading strategies and systems, which include: volume weighted-average price, program and portfolio transitions trading to its core block, and electronic trading capabilities.

In June 2002, the Company signed a definitive agreement to acquire the back-office clearance and settlement capabilities of Tilney Investment Management through the acquisition of certain assets. This acquisition expands the Company's European correspondent clearing capability.

In July 2002, the Company acquired the correspondent clearing business of Weiss, Peck & Greer, LLC adding approximately 50 new correspondent clearing clients.

In August 2002, the Company acquired the Structured Investment Vehicle (SIV) management business of Quadrant Capital Limited based in London, England. Quadrant Capital provides investment management and administrative services for SIV programs. This acquisition involves the transfer of Quadrant Capital's administrative personnel, proprietary program documentation and a specialized software tool known as Quasar that provides customized asset and liability management reporting for SIV programs.

In October 2002, the Company acquired Lockwood Financial Group Inc. ("LFG") based in Malvern, Pennsylvania. LFG is the industry's largest independent provider of individually managed account services to independent financial advisors. LFG provides customized investment solutions to individuals and institutions through independent financial advisors in the separate account industry.

In October 2002, the Company acquired Electronic Managed Account Technologies Inc. ("EMAT") based in Malvern, Pennsylvania. EMAT is the leading independent provider of processing services for individually managed accounts. This acquisition confirms the Company's commitment to provide a wide range of customized investment processing solutions to its worldwide network of mutual fund companies, banks and money managers.

In October 2002, the Company signed a definitive agreement to acquire the assets of International Fund Administration Ltd. (IFA), a Bermuda-based, alternative investment fund administrator. IFA offers service solutions for alternative investments, including hedge funds, and will offer services to funds domiciled in Bermuda, Cayman Islands, Ireland, Jersey, Luxembourg and the United States. The Company expects this transaction to close by the end of the year.

In October 2002, the Company and ING, a global financial institution of Dutch origin, announced a global arrangement to outsource ING's international cash equities clearance and settlements operations in London, New York, Hong Kong and Singapore to the Company. This multi-market agreement adds to the Company's existing institutional broker/dealer clearing operations in London as well as its correspondent clearing operations in Asia and the United States.

4. Goodwill and Intangibles

Effective January 1, 2002, a new accounting standard requires the Company to test goodwill and indefinite lived intangible assets for impairment rather than amortize them. A reconciliation of previously reported net income and earnings per share to the amounts adjusted for the exclusion of goodwill amortization net of the related tax effect follows:

(In millions, except per share amounts)	2001	2000	1999	Nine Months Ended September 30, 2001	Three Months Ended September 30, 2001
	-----	-----	-----	-----	-----
Net Income	\$1,343	\$1,429	\$1,739	\$1,012	\$ 243
Add: Goodwill Amortization, Net of Tax	73	85	77	55	18
Adjusted Net Income	\$1,416 =====	\$1,514 =====	\$1,816 =====	\$1,067 =====	\$ 261 =====
Basic Earnings Per Common Share:					
Net Income	\$1.84	\$1.95	\$2.31	\$1.38	\$0.33
Goodwill Amortization, Net of Tax	0.10	0.12	0.10	0.08	0.02
Adjusted Net Income	\$1.94 =====	\$2.07 =====	\$2.41 =====	\$1.46 =====	\$0.35 =====
Diluted Earnings Per Common Share:					
Net Income	\$1.81	\$1.92	\$2.27	\$1.36	\$0.33
Goodwill Amortization, Net of Tax	0.10	0.11	0.10	0.07	0.02
Adjusted Net Income	\$1.91 =====	\$2.03 =====	\$2.37 =====	\$1.43 =====	\$0.35 =====

Goodwill by segment for the quarter ended September 30, 2002 is as follows:

(In millions)	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Consolidated Total
	-----	-----	-----	-----	-----
Balance as of September 30, 2002	\$2,205 =====	\$31 ===	\$109 ====	\$ - ===	\$2,345 =====

The Company's business segments are tested annually for goodwill impairment. The Company completed its initial evaluation of goodwill for impairment and determined that no impairment loss was required.

Intangible Assets

(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period in Years
	-----	-----	-----	-----
Intangible Assets	\$ 88	\$(30)	\$58	10

The aggregate amortization expense of intangibles and goodwill was \$0.4 million and \$29 million for the quarters ended September 30, 2002 (intangibles only) and 2001, respectively and \$5 million and \$83 million for the nine months ended September 30, 2002 (intangibles only) and 2001, respectively. Estimated amortization expense for the next five years is as follows:

(In millions)	For the year ended December 31,	Amortization Expense
	-----	-----
	2002	\$ 7
	2003	8
	2004	7
	2005	6
	2006	6

5. Allowance for Credit Losses

The allowance for credit losses is maintained at a level that, in management's judgment, is adequate to absorb probable losses associated with specifically identified loans, as well as estimated probable credit losses inherent in the remainder of the loan portfolio at the balance sheet date. Management's judgment includes the following factors, among others: risks of individual credits; past experience; the volume, composition, and growth of the loan portfolio; and economic conditions.

The Company conducts a quarterly portfolio review to determine the adequacy of its allowance for credit losses. All commercial loans over \$1 million are assigned to specific risk categories. Smaller commercial and consumer loans are evaluated on a pooled basis and assigned to specific risk categories. Following this review, senior management of the Company analyzes the results and determines the allowance for credit losses. The Audit and Examining Committee of the Company's Board of Directors reviews the allowance at the end of each quarter.

The portion of the allowance for credit losses allocated to impaired loans (nonaccrual commercial loans over \$1 million) is measured by the difference between their recorded value and fair value. Fair value is the present value of the expected future cash flows from borrowers, the market value of the loan, or the fair value of the collateral.

Commercial loans are placed on nonaccrual status when collateral is insufficient and principal or interest is past due 90 days or more, or when there is reasonable doubt that interest or principal will be collected. Accrued interest is usually reversed when a loan is placed on nonaccrual status. Interest payments received on nonaccrual loans may be recognized as income or applied to principal depending upon management's judgment. Nonaccrual loans are restored to accrual status when principal and interest are current or they become fully collateralized. Consumer loans are not classified as nonperforming assets, but are charged off and interest accrued is suspended based upon an established delinquency schedule determined by product. Real estate acquired in satisfaction of loans is carried in other assets at the lower of the recorded investment in the property or fair value minus estimated costs to sell.

Transactions in the allowance for credit losses are summarized as follows:

(In millions)	Nine months ended September 30,	
	2002	2001
	----	----
Balance, Beginning of Period	\$616	\$616
Charge-Offs	(242)	(107)
Recoveries	12	7
	----	----
Net Charge-Offs	(230)	(100)
Provision	295	100
	----	----
Balance, End of Period	\$681	\$616
	====	====

6. Capital Transactions

On November 12, 2002, the Company announced a new 16 million share buyback program. As of November 14, 2002, the Company has approximately 18 million common shares remaining to repurchase under its buyback programs. The Company issued \$250 million of subordinated debt on November 5, 2002. During the second quarter of 2002, the Company filed a new shelf registration statement. At November 14, 2002, the registration statement has a remaining capacity of approximately \$1.5 billion of debt, preferred stock, preferred trust securities, or common stock.

7. Earnings Per Share

The following table illustrates the computations of basic and diluted earnings per share:

(In millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002 ----	2001 ----	2002 ----	2001 ----
Net Income (1)	\$ 79 =====	\$243 =====	\$802 =====	\$1,012 =====
Basic Weighted Average Shares Outstanding	721	731	722	731
Shares Issuable on Exercise of Employee Stock Options	6 ----	10 ----	7 ----	11 ----
Diluted Weighted Average Shares Outstanding	727 =====	741 =====	729 =====	742 =====
Basic Earnings Per Share:	\$ 0.11	\$ 0.33	\$ 1.11	\$ 1.38
Diluted Earnings Per Share:	0.11	0.33	1.10	1.36

<FN>

(1) Net Income, net income available to common shareholders and diluted net income are the same for all periods presented.

</FN>

8. Commitments and Contingent Liabilities

In the ordinary course of business, there are various claims pending against the Company and its subsidiaries. In the opinion of management, liabilities arising from such claims, if any, would not have a material effect upon the Company's consolidated financial statements.

QUARTERLY REPORT ON FORM 10-Q
THE BANK OF NEW YORK COMPANY, INC.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2002

Commission file number 1-6152

THE BANK OF NEW YORK COMPANY, INC.
Incorporated in the Commonwealth of New York
I.R.S. Employer Identification No. 13-2614959
Address: One Wall Street
New York, New York 10286
Telephone: (212) 495-1784

As of October 31, 2002, The Bank of New York Company, Inc. had 725,263,443 shares of common stock (\$7.50 par value) outstanding.

The Bank of New York Company, Inc. (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

The following sections of the Financial Review set forth in the cross-reference index are incorporated in the Quarterly Report on Form 10-Q.

	Cross-reference	Page(s)

PART I	FINANCIAL INFORMATION	
Item 1	Financial Statements	
	Consolidated Balance Sheets as of September 30, 2002 and December 31, 2001	33
	Consolidated Statements of Income for the three and nine months ended September 30, 2002 and 2001	34
	Consolidated Statement of Changes in Shareholders' Equity for the nine months Ended September 30, 2002	35
	Consolidated Statement of Cash Flows for the nine months ended September 30, 2002 and 2001	36
	Notes to Consolidated Financial Statements	37 - 43
	Consolidated Average Balance Sheet and Net Interest Analysis	27 - 28
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	2 - 32
Item 3	Quantitative and Qualitative Disclosures About Market Risk	20 - 21, 24

ITEM 4. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART 2. OTHER INFORMATION

Item 1. Legal Proceedings

The Company continues to cooperate with investigations by federal and state law enforcement and bank regulatory authorities. The investigations focus on funds transfer activities in certain accounts at the Bank, principally involving wire transfers from Russian and other sources in Eastern Europe, as well as certain other matters involving the Bank and its affiliates. The funds transfer investigations center around accounts controlled by Peter Berlin, his wife, Lucy Edwards (until discharged in September 1999, an officer of the Bank), and companies and persons associated with them. Berlin and Edwards pled guilty to various federal criminal charges. The Company cannot predict when or on what basis the investigations will conclude or their effect, if any, on the Company.

Four purported shareholder derivative actions have been filed in connection with these Russian related matters - - two in the United States District Court for the Southern District of New York and two in the New York Supreme Court, New York County - - against certain directors and officers of the Company and the Bank alleging that the defendants have breached their fiduciary duties of due care and loyalty by aggressively pursuing business with Russian banks and entities without implementing sufficient safeguards and failing to supervise properly those responsible for that business. The actions seek, on behalf of the Company and the Bank, monetary damages from the defendants, corrective action and attorneys' fees. On September 1, 2000, plaintiffs in the two federal actions filed an amended, consolidated complaint that names all of the directors and certain officers of the Bank and the Company as defendants, repeats the allegations of the original complaints and adds allegations that certain officers of the Bank and the Company participated in a scheme to transfer cash improperly from Russia to various off-shore accounts and to avoid Russian customs, currency and tax laws. Management believes that the allegations of both the original complaints and the amended complaint are without merit. On September 12, 2000, the boards of directors of the Bank and the Company authorized a Special Litigation Committee ("SLC") to consider the response of the Bank and the Company to the state and federal court shareholder derivative actions. The SLC issued an Interim Report dated May 21, 2001 which concluded that there was "no credible evidence" to support the allegations of personal misconduct against Mr. Renyi and "credible evidence" that contradicts "critical allegations" in the amended complaint in the federal action.

On August 31, 2001, defendants moved to dismiss the two actions filed in the United States District Court for the Southern District of New York. On November 27, 2001, the federal district court granted defendants' motion and dismissed the two actions. On December 19, 2001, plaintiffs filed a Notice of Appeal to the United States Court of Appeals for the Second Circuit. Argument on that appeal was held on October 9, 2002.

On February 1, 2002, counsel for plaintiffs in the two federal court actions filed a shareholder derivative action in New York Supreme Court, New York County that made allegations substantially similar to the two federal court actions that were dismissed. The Company and the Bank requested that the New York State Supreme Court issue an order consolidating the new state court shareholder derivative action with the two shareholder derivative actions previously filed. Plaintiffs in the new shareholder derivative action opposed consolidation. On July 15, 2002, the court ordered the consolidation of the new action.

The two previously filed state court derivative actions, which do not include any allegations of personal misconduct, are still pending. Lead plaintiffs' counsel for all pending shareholder derivative actions and counsel for defendants are currently undertaking court-appointed mediation.

Additionally, on October 7, 1999, six alleged depositors of Joint Stock Bank Inkombank ("Inkombank"), a Russian bank, filed a purported class action in the United States District Court for the Southern District of New York on behalf of all depositors of Inkombank who lost their deposits when that bank collapsed in 1998. The complaint, as subsequently amended twice, alleges that the Company and the Bank and their senior officers knew about, and aided and abetted the looting of Inkombank by its principals and participated in a scheme to transfer cash improperly from Russia to various off-shore accounts and to avoid Russian customs, currency and tax laws. The amended complaint asserts causes of action for conversion and aiding and abetting conversion under New York law. In addition, the amended complaint states a claim under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). On March 21, 2001, the court dismissed the second amended complaint without leave to replead. On January 14, 2002, the United States Court of Appeals for the Second Circuit vacated the dismissal of the Second Amended Complaint because it disagreed with one ground of the district court's dismissal, and remanded the case to the lower court to consider alternate bases for dismissal. On October 16, 2002, the district court again dismissed the second amended complaint without leave to replead; plaintiffs have until November 25, 2002 to seek appellate review of the district court's dismissal. The Company and the Bank believe that the allegations made in this action are without merit, and intend to defend the action vigorously.

On October 24, 2000, three alleged shareholders of Inkombank filed an action in the Supreme Court, New York County against the Company, the Bank and Inkombank. The complaint alleges that the defendants fraudulently induced the plaintiffs to refrain from redeeming their alleged \$40 million investment in Inkombank. The complaint asserts a single cause of action for fraud, seeking \$40 million plus 12% interest from January 1994, punitive damages, costs, interest and attorney fees. The Court denied the Company and the Bank's motion to dismiss the complaint on January 15, 2002 and motion for reargument on September 6, 2002. Discovery is ongoing. The Company and the Bank believe that the allegations of the complaint are without merit and intend to defend the action vigorously.

The Company does not expect that any of the foregoing civil actions will have a material impact on the Company's consolidated financial statements.

In the ordinary course of business, there are various legal claims pending against the Company and its subsidiaries. In the opinion of management, liabilities arising from such claims, if any, would not have a material effect on the Company's consolidated financial statements.

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits filed as part of this report are as follows:

Exhibit 12 - Statement Re: Ratio of Earnings to Fixed Charges
for the Three and Nine Months Ended September 30, 2002 and 2001.

(b) The Company filed the following reports on Form 8-K since
June 30, 2002:

On July 17, 2002, the Company filed a Form 8-K Current Report (Items 5 and 7), which report included unaudited interim financial information and accompanying discussion for the second quarter of 2002 contained in the Company's press release dated July 17, 2002.

On August 14, 2002, the Company filed a Form 8-K Current Report (Item 9), which report included statements required by the Securities and Exchange Commission order of June 27, 2002 and the certifications pursuant to 18 U.S.C. Section 1350.

On September 4, 2002, the Company filed a Form 8-K Current Report dated August 28, 2002 (Item 5 and 7), which report included five exhibits in connection with the Registration Statement on Form S-3 (File Nos. 333-89586, 333-89586-01, 333-89586-02, 333-89586-03, 333-89586-04) covering the Company's 4.25% Fixed Rate/Floating Rate Senior Subordinated Notes due 2012, issuable under an Indenture, dated as of October 1, 1993 between the Company and J.P. Morgan Trust Company, National Association. The exhibits consist of the Pricing agreement dated August 28, 2002; the Underwriting Agreement Standard Provisions; the Form of Note; an Officers' Certificate pursuant to Section 301 of the Indenture; and the opinion of counsel as to the legality of the Notes.

On October 2, 2002, the Company filed a Form 8-K Current Report (Item 5 and 7), which report included a press release dated October 2, 2002, in connection with the announcement of charges for loans and securities valuation adjustments for the third quarter of 2002.

On October 16, 2002, the Company filed a Form 8-K Current Report (Items 5 and 7), which report included unaudited interim financial information and accompanying discussion for the third quarter of 2002 contained in the Company's press release dated October 16, 2002.

On November 13, 2002, the Company filed a Form 8-K Current Report dated November 5, 2002 (Item 5 and 7), which report included four exhibits in connection with the Registration Statement on Form S-3 (File Nos. 333-89586, 333-89586-01, 333-89586-02, 333-89586-03, 333-89586-04) covering the Company's 5.50% Senior Subordinated Notes due 2017, issuable under an Indenture, dated as of October 1, 1993 between the Company and J.P. Morgan Trust Company, National Association. The exhibits consist of the Pricing agreement dated November 5, 2002; the Form of Note; an Officers' Certificate pursuant to Section 201 and 301 of the Indenture; and the opinion of counsel as to the legality of the Notes.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE BANK OF NEW YORK COMPANY, INC.

(Registrant)

Date: November 14, 2002

By: /s/ Thomas J. Mastro

Name: Thomas J. Mastro
Title: Comptroller

CERTIFICATIONS

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

I, Thomas A. Renyi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Bank of New York Company, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Thomas A. Renyi

Thomas A. Renyi
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Bruce W. Van Saun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Bank of New York Company, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Bruce W. Van Saun

Bruce W. Van Saun
Chief Financial Officer

EXHIBIT INDEX

Exhibit -----	Description -----
12	Ratio of Earnings to Fixed Charges for the Three and Nine Months Ended September 30, 2002 and 2001.

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THE BANK OF NEW YORK COMPANY, INC.
 Ratios of Earnings to Fixed Charges
 (Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002 ----	2001 ----	2002 ----	2001 ----
EARNINGS				

Income Before Income Taxes	\$ 123	\$ 356	\$1,216	\$1,558
Fixed Charges, Excluding Interest on Deposits	82	211	283	496
	-----	-----	-----	-----
Income Before Income Taxes and Fixed Charges Excluding Interest on Deposits	205	567	1,499	2,054
Interest on Deposits	165	351	484	1,185
	-----	-----	-----	-----
Income Before Income Taxes and Fixed Charges, Including Interest on Deposits	\$ 370	\$ 918	\$1,983	\$3,239
	=====	=====	=====	=====
FIXED CHARGES				

Interest Expense, Excluding Interest on Deposits	\$ 66	\$ 184	\$ 249	\$ 451
One-Third Net Rental Expense*	16	27	34	45
	-----	-----	-----	-----
Total Fixed Charges, Excluding Interest on Deposits	82	211	283	496
Interest on Deposits	165	351	484	1,185
	-----	-----	-----	-----
Total Fixed Charges, Including Interest on Deposits	\$ 247	\$ 562	\$ 767	\$1,681
	=====	=====	=====	=====
EARNINGS TO FIXED CHARGES RATIOS				

Excluding Interest on Deposits	2.50x	2.69x	5.30x	4.14x
Including Interest on Deposits	1.50	1.63	2.59	1.93

<FN>

*The proportion deemed representative of the interest factor.

</FN>

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